

COVID-19 ECONOMIC RECOVERY

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Section 1. Angel investment credit. Removes the sunset on the angel investment credit so that current \$10 million allocation would be ongoing. Effective the day following final enactment.

Section 2. Referendum equalization levy. Increases the equalization factors for tier 1 and tier 2 referendum equalization levies. Provides an alternative calculation for tier 1 and tier 2 referendum equalization levies based on the district's adjusted pupil units (the sum of the resident and non-resident pupil units being served by the district) rather than the district's resident pupil units. Makes the section effective for school district revenue in fiscal year 2022 and later.

Sections 3 and 4. Section 179 expensing. Remove the 80% addback requirement for Section 179 expensing beginning in tax year 2018 for individual filers and corporations. Effective retroactively to tax year 2018.

Section 5. Combined net receipts tax. Modifies the tax on lawful gambling combined net receipts. The tax is imposed on the net receipts from the conduct of paper or electronic pull-tabs, tipboards, and electronic linked bingo. The provision would reduce the first tier rate from nine to eight percent; the second tier rate from 18 to 16 percent; the third tier rate from 27 to 24 percent; and the fourth tier rate from 36 to 32 percent. Strikes an obsolete requirement for the commissioner to adjust the combined net receipts rates. Effective July 1, 2020.

Section 6. Determination of revenue increase. Modifies the lawful gambling base amount by an amount proportionate to the reduction in the combined net receipt tax rates. The change holds harmless the stadium general reserve account balance. Effective the day following final enactment.

Section 7. Expenditure restrictions, requirements, and civil penalties. Modifies the star rating thresholds for licensed charitable gambling organizations, which are evaluated every July 1 for the percentage of lawful purpose expenditures made compared to available gross profits. Increases the probation thresholds for minimum expenditures for lawful purposes from 20% to 25% for organizations that conduct lawful gambling in a location where the primary business is bingo and from 30% to 40% for all other organizations. Effective July 1, 2020.

Section 8. Powers and duties. Modifies the annual reporting requirement for the Gambling Control Board's report to the governor and legislature to include a tabulation of the number of compliance reviews completed, the percentage of organizations reviewed, an average of the number of months between reviews, the number, location and organization of site inspections, the number of allegations awaiting investigation by the board. Effective July 1, 2020.

Section 9. Special penalty exception. Provides that current law penalties and interest do not apply for late tax payments resulting from assessments of additional income tax on gains resulting from like-kind exchanges for tax year 2018 (the TCJA repealed like-kind treatment for personal property, so the gain from a like-kind exchange is now treated as income). The penalty and interest forgiveness applies only to taxpayers who were subject to retroactive application of the TCJA treatment of like-kind exchanges for Minnesota purposes and whose tax liability increased at least 12% due to the retroactive application. Requires the commissioner to refund interest and penalties incurred within 60 days of the date of enactment. Effective for interest and penalties on assessments ordered after June 1, 2019.

Section 10. Temporary suspension of certain estimated tax payments. Suspends the first two installments of 2020 estimated tax payments.

- For individual filers, the estimated payment due April 15, 2020, must be submitted by July 15, 2020; the estimated payment due June 15, 2020, may be submitted with the September 15, 2020, estimated payment.
- For corporate filers, estimated payments are due on a quarterly basis for the taxpayer's taxable year. Filers with payments due May 15, 2020, may submit that payment with the August 15, 2020, installment; filers with payments due June 15, 2020, may submit that payment with the September 15, 2020, installment.

Penalties and interest do not apply for payments made within the specified timeframes. Provides that the commissioner is not limited in abating, reducing, or refunding penalties or interest applied to other filings or payments outside of this section.

Section 11. Extension for filing and paying 2019 taxes; eliminating certain penalties and interest.

Subd. 1. Individual income and business taxes. Extends the filing and payment deadline to July 15, 2020, for individuals, S corporations, partnerships, and C corporations. (For individual filers, this section merely codifies the commissioner's extension). Requires that penalties and interest must not apply to any payments made on or before July 15, 2020, and that penalties and interest must only be applied to the amounts due and not paid by July 15, 2020.

Subd. 2. Occupation tax. Extends, from May 1, 2020, to July 1, 2020, the due date for all mining companies paying the occupation tax. Requires that penalties and interest must not apply to any payments made on or before July 1, 2020, and that penalties and interest must only be applied to the amounts due and not paid by July 1, 2020.

Subd. 3. Abatement; other penalties. Provides that the commissioner is not limited in abating, reducing, or refunding penalties or interest applied to other filings or payments outside of this section. This section does not affect the penalty imposed for failure to file within six months from a due date.

Effective for payments due and penalties and interest applied for the 2019 taxable year.

Section 12. Temporary suspension of certain June accelerated sales tax remittances. Provides that the accelerated payment of June liabilities due June 20, 2020, may be remitted on July 20, 2020. The temporary suspension applies to remittances of sales and use, local sales and use, and liquor gross receipts taxes. Requires that penalties and interest must not apply to any payments made on or before July 15, and that penalties and interest must only be applied to the amounts due and not paid by July 15, 2020. Provides that the commissioner is not limited in abating, reducing, or refunding penalties or interest applied to other filings or payments outside of this section. Effective for payments of taxes collected in June 2020.

Section 13. Extension of property tax due date; state general tax. Provides a 60-day extension of the due date for the first-half payment of the state general tax for taxes payable in 2020 only. Taxpayers must now pay the first-half payment on or before July 15, 2020. Counties must make full settlement of all state general tax receipts from the date of the last settlement up to and including July 15, 2020, and transmit the receipts to the commissioner of revenue. Effective upon final enactment.

Section 14. Moratorium on changes in assessment; short-term rental properties. Requires that short-term rental properties receive the same property classification for assessment years 2020 and 2021 as the property received for assessment year 2019, except when a reclassification is necessary due to a change in the property's primary use, or to correct a clerical error. Effective upon final enactment.

Section 15. Repealer. Repeals the sunset provisions for the angel investment credit, which is made permanent in section 1. Effective the day following final enactment.