

2019 GOVERNOR'S RECOMMENDATIONS

GENERAL FUND CHANGE ITEMS ONLY

MARCH 1, 2019

\$ in thousands | BOLD indicates rows included in total

TAX POLICY: Positive amounts indicate revenue increase

AIDS, CREDITS, REFUNDS, & OTHER APPROPRIATIONS: Positive amounts indicate expenditure

		<i>A</i>	<i>B</i>	<i>C</i>	<i>D</i>	<i>E</i>	<i>F</i>	<i>G</i>	<i>H</i>	<i>I</i>
LINE	ITEM	EFFECTIVE	FY 19	FY 18-19	FY 20	FY 21	FY 20-21	FY 22	FY 23	FY 22-23
	GENERAL FUND TAX REVENUE:									
	TCJA CONFORMITY - GENERAL INDIVIDUAL INCOME TAX PROVISIONS									
1	Switch Minnesota Starting Point to AGI	TY 19	0	0	-1,500	-1,500	-3,000	-1,500	-1,500	-3,000
2	Allow Exclusion of Discharged Student Loan Debt in Case of Death or Disability	TY 19-25	0	0	(Negl.)	(Negl.)	(Negl.)	(Negl.)	(Negl.)	(Negl.)
3	Repeal Deduction for Alimony Payments and Corresponding Inclusion of Received Alimony	Agrmnts. TY 19	0	0	1,600	2,300	3,900	3,100	4,300	7,400
4	Modify Limit on Wagering Losses	TY 19-25	0	0	150	90	240	90	90	180
5	Disallow the Charitable Deduction for College Athletic Seating Payments	TY 19	0	0	1,900	1,200	3,100	1,200	1,200	2,400
6	Limit Mortgage Interest Deduction for Amounts Above \$750,000	TY 19	0	0	200	500	700	700	1,000	1,700
7	Suspend Exclusion for Qualified Moving Expense Reimbursement	TY 19-25	0	0	5,600	3,900	9,500	3,900	3,900	7,800
8	Suspend Exclusion for Certain Employer-provided Bicycle Commuter Fringe Benefits	TY 19-25	0	0	40	30	70	30	30	60
9	Allow Increased Contributions to ABLE Accounts	TY 19-25	0	0	(Negl.)	(Negl.)	(Negl.)	(Negl.)	(Negl.)	(Negl.)
10	Extend Rollover Period for Certain Retirement Plan Loan Offsets	TY 19	0	0	(Negl.)	(Negl.)	(Negl.)	(Negl.)	(Negl.)	(Negl.)
11	Repeal Special Rule Permitting Recharacterization of IRA Contributions	TY 19	0	0	450	300	750	350	400	750
12	SUBTOTAL: TCJA CONFORMITY - GENERAL INDIVIDUAL INCOME TAX PROVISIONS		0	0	8,440	6,820	15,260	7,870	9,420	17,290
	TCJA CONFORMITY - INDIVIDUAL INCOME TAX PROVISIONS RELATED TO PASS-THROUGHS									
15	Conform to Expanded Bonus Depreciation, But Maintain 80% MN Addback	TY 18-26	400	400	8,700	10,700	19,400	10,500	3,700	14,200
16	Full Conformity with Section 179 Expensing	TY 18	-5,200	-5,200	-124,800	-36,600	-161,400	-25,500	-14,400	-39,900
17	Disallow Certain Active Pass Through Losses (Above \$250k for Single and \$500k for Joint Filers)	TY 19-25	4,400	4,400	47,800	46,300	94,100	40,400	41,600	82,000
18	Tax Gain on Sale of Partnership on a Look-through Basis	TY 19	200	200	1,600	1,900	3,500	2,400	3,100	5,500
19	Expand Definition of Built-in Loss for Purposes of Partnership Loss Transfers	TY 18	30	30	670	300	970	300	400	700
20	Charitable Contributions and Foreign Taxes Accounted for in Determining Limit on Partner's Share of Loss	TY 18	100	100	1,300	800	2,100	800	900	1,700
21	Repeal Rollover of Publicly Traded Securities Gain into Specialized Small Business Investment Companies	TY 18	30	30	570	300	870	300	200	500
22	Limit Net Interest Deduction to 30% of Income	TY 19	8,100	8,100	89,600	92,500	182,100	111,100	136,000	247,100
23	Modify the Net Operating Loss (NOL) Deduction	TY 19	3,200	3,200	35,600	43,300	78,900	67,400	93,900	161,300
24	Repeal Deferred Gain on Like-kind Exchanges	TY 18	200	200	4,700	3,300	8,000	4,300	5,600	9,900
25	Reduce Recovery Period for Real Property	TY 18	-30	-30	-570	-600	-1,170	-700	-1,000	-1,700
26	Repeal Deduction for Local Lobbying Expenses	TY 19	20	20	180	100	280	100	100	200
27	Limit Deduction for Employer-provided Meals	TY 19	300	300	6,100	2,700	8,800	2,700	2,800	5,500

28	Limit Deduction for Employer-provided Transportation Benefits	TY 19	200	200	2,700	2,000	4,700	2,100	2,200	4,300
29	Prohibit Deduction for Achievement Awards (Cash, Gift Cards, etc.)	TY 19	Negl.	Negl.	Negl.	Negl.	Negl.	Negl.	Negl.	Negl.
30	Disallow the Deduction for Sexual Harassment Payments Made Subject to NDA	TY 19	Negl.	Negl.	Negl.	Negl.	Negl.	Negl.	Negl.	Negl.
31	Revise Treatment of Contributions to Capital	TY 19	30	30	370	700	1,070	1,100	1,200	2,300
32	Modify Treatment of Interest for Producers of Beer, Wine, and Distilled Spirits	TY 18-19	-100	-100	-2,400	0	-2,400	0	0	0
33	Modify Limit on Excessive Compensation	TY 19	50	50	550	600	1,150	600	600	1,200
34	Repeal Exclusion of Interest on Advance Refunding Bonds	TY 19	300	300	3,300	4,800	8,100	5,700	6,100	11,800
35	Inclusion of Global Intangible Low Tax Income (GILTI) with Deduction	TY18	600	600	12,600	6,100	18,700	6,000	5,800	11,800
36	Deduction for Foreign Derived Intangible Income (FDII) from Domestic Trade or Business, with Deduction	TY18	-800	-800	-11,700	-6,900	-18,600	-8,200	-8,500	-16,700
37	SUBTOTAL: TCJA CONFORMITY - INDIVIDUAL INCOME TAX PROVISIONS RELATED TO PASS-THROUGHS		12,030	12,030	76,870	172,300	249,170	221,400	280,300	501,700
	TCJA CONFORMITY - CORPORATE TAX									
40	Conform to Expanded Bonus Depreciation, But Maintain 80% MN Addback	TY 18-26	800	800	18,300	22,600	40,900	22,100	7,800	29,900
41	Full Conformity with Section 179 Expensing	TY 18	-2,000	-2,000	-47,300	-13,900	-61,200	-12,100	-10,000	-22,100
42	Repeal Rollover of Publicly Traded Securities Gain into Specialized Small Business Investment Companies	TY 18	50	50	1,250	600	1,850	500	400	900
43	Conform to Limit on Net Interest Ded. to 30% of Income (Excluding Small Businesses)	TY 18	1,400	1,400	31,300	15,700	47,000	18,900	23,100	42,000
44	Repeal Deferred Gain on Like-kind Exchanges	TY 18	200	200	5,900	4,200	10,100	5,400	7,100	12,500
45	Reduce Recovery Period for Real Property	TY 18	-70	-70	-1,230	-1,100	-2,330	-1,400	-2,000	-3,400
46	Repeal Deduction for Local Lobbying Expenses	TY 18	30	30	670	300	970	300	300	600
47	Limit Deduction for Employer-provided Meals	TY 18	800	800	16,600	7,300	23,900	7,400	7,600	15,000
48	Limit Deduction for Employer-provided Transportation Benefits	TY 18	600	600	12,500	5,600	18,100	5,700	5,900	11,600
49	Prohibit Deduction for Achievement Awards (Cash, Gift Cards, Nontangible Personal Property, etc.)	TY 18	Negl.	Negl.	Negl.	Negl.	Negl.	Negl.	Negl.	Negl.
50	Limit Deduction for FDIC Premiums	TY 18	500	500	12,100	6,100	18,200	6,200	6,300	12,500
51	Disallow the Deduction for Sexual Harassment Payments Made Subject to NDA	TY 18	Negl.	Negl.	Negl.	Negl.	Negl.	Negl.	Negl.	Negl.
52	Revise Treatment of Contributions to Capital	TY 18	90	90	1,850	2,000	3,850	3,000	3,200	6,200
53	Conform to the modified historic rehabilitation credit	TY 18	0	0	39,900	16,400	56,300	9,800	-18,800	-9,000
54	Modify Treatment of Interest for Producers of Beer, Wine, and Distilled Spirits	TY 18-19	-200	-200	-2,900	0	-2,900	0	0	0
55	Modify Limit on Excessive Compensation	TY 18	300	300	6,100	3,600	9,700	3,600	3,600	7,200
56	Unrelated Business Income of Charitable Organizations Separately Computed for Each Trade or Business	TY 19	200	200	2,900	2,200	5,100	2,700	2,900	5,600
57	Repeal Exclusion of Interest on Advance Refunding Bonds	TY 18	200	200	3,800	2,500	6,300	3,000	3,200	6,200
58	Deemed Repatriation of Foreign Income	TY 17	13,500	13,500	262,800	107,100	369,900	110,700	113,800	224,500
59	Inclusion of Global Intangible Low Tax Income (GILTI) with Deduction	TY 18	5,200	5,200	119,200	57,600	176,800	56,500	54,900	111,400
60	Deduction for Foreign Derived Intangible Income (FDII) from Domestic Trade or Business, with Deduction	TY 18	-3,000	-3,000	-66,200	-39,900	-106,100	-47,400	-49,300	-96,700
61	Other Modifications to Subpart F Provisions	TY 18	Negl.	Negl.	Negl.	Negl.	Negl.	Negl.	Negl.	Negl.
62	SUBTOTAL: TCJA CONFORMITY - CORPORATE TAX		18,600	18,600	417,540	198,900	616,440	194,900	160,000	354,900
	OTHER CONFORMITY PROVISIONS									
65	Disaster Tax Relief and Airport and Airway Extension Act of 2017	TY 17	0	0	-2,840	350	-2,490	230	110	340
66	Bipartisan Budget Act of 2018	TY 17	0	0	-19,495	125	-19,370	20	-100	-80
67	SUBTOTAL: OTHER CONFORMITY PROVISIONS		0	0	-22,335	475	-21,860	250	10	260
70	REFERENCE SUBTOTAL: NET EFFECT OF GOVERNOR'S CONFORMITY PROPOSAL		30,630	30,630	480,515	378,495	859,010	424,420	449,730	874,150

	OTHER INDIVIDUAL INCOME TAX PROVISIONS									
72	Working Family Credit Expansion - 3+ Children	TY 19	0	0	-10,000	-10,200	-20,200	-10,300	-10,500	-20,800
73	Working Family Credit Expansion - Transportation	TY 19	0	0	-40,600	-40,800	-81,400	-41,100	-41,300	-82,400
74	Social Security Subtraction Increase	TY 19	0	0	-11,100	-12,000	-23,100	-12,800	-13,800	-26,600
75	Angel Tax Investment Credit	TY 19-20	0	0	-10,000	-10,000	-20,000	0	0	0
76	INTERACTION: Transportation Funding		0	0	0	-4,600	-4,600	-5,000	-5,300	-10,300
77	INTERACTION: Regional Transit Bonding Authority		0	0	0	-30	-30	-290	-460	-750
78	INTERACTION: School Safety Levy		0	0	0	-150	-150	-160	-160	-320
79	INTERACTION: Soil and Water Conservation Districts Levy		0	0	0	-510	-510	-510	-620	-1,130
80	INTERACTION: Reinstate Inflation for Statewide Property Tax Levy		0	0	0	-80	-80	-150	-250	-400
81	INTERACTION: Construction Materials Exemption for Governments and Nonprofits		0	0	0	260	260	270	270	540
82	INTERACTION: Riparian Buffer Property Tax Credit		0	0	0	550	550	550	550	1,100
83	INTERACTION: Local Government Aid		0	0	0	410	410	410	410	820
84	INTERACTION: County Program Aid		0	0	0	410	410	410	410	820
85	SUBTOTAL: OTHER INDIVIDUAL INCOME TAX PROVISIONS		0	0	-71,700	-76,740	-148,440	-68,670	-70,750	-139,420
	OTHER CORPORATE TAX PROVISIONS									
88	Repeal Corporate Alternative Minimum Tax	TY 18	0	0	-39,600	-14,500	-54,100	-14,000	-14,000	-28,000
89	80% Net Operating Loss Limitation	TY 18	0	0	49,500	21,500	71,000	21,500	21,500	43,000
90	INTERACTION: Regional Transit Bonding Authority		0	0	0	-10	-10	-120	-200	-320
91	INTERACTION: School Safety Levy		0	0	0	-60	-60	-70	-70	-140
92	INTERACTION: Soil and Water Conservation Districts Levy		0	0	0	-220	-220	-220	-270	-490
93	INTERACTION: Reinstate Inflation for Statewide Property Tax Levy		0	0	0	-690	-690	-1,360	-2,270	-3,630
94	INTERACTION: Construction Materials Exemption for Governments and Nonprofits		0	0	0	110	110	110	120	230
95	INTERACTION: Local Government Aid		0	0	0	180	180	180	180	360
96	INTERACTION: County Program Aid		0	0	0	180	180	180	180	360
97	SUBTOTAL: OTHER CORPORATE TAX PROVISIONS		0	0	9,900	6,490	16,390	6,200	5,170	11,370
	SALES TAX									
100	Expand Collection Requirements for Marketplace Providers	DFE	0	0	250	390	640	400	400	800
101	Modify Conditions for Construction Materials Exemption for Local Governments and Nonprofits	DFE	0	0	-27,300	-28,100	-55,400	-28,900	-29,800	-58,700
102	Limit Exemption for Data Centers	DFE	0	0	3,700	16,600	20,300	22,700	31,100	53,800
103	Tobacco Products Sales Tax	DFE	0	0	20	60	80	100	150	250
104	Tobacco Indexing - In-Lieu of Sales Tax	DFE	0	0	-70	-150	-220	-250	-370	-620
105	Premium Cigars	DFE	0	0	-270	-300	-570	-300	-300	-600
106	SUBTOTAL: SALES TAX		0	0	-23,670	-11,500	-35,170	-6,250	1,180	-5,070
109	REFERENCE LINE: LEGACY FUNDS EFFECT FROM SALES TAX MODIFICATIONS		0	0	-1,380	-580	-1,960	-380	120	-260
	ESTATE TAX									
111	Freeze Estate Tax Exclusion at \$2.7 million	Decedents 2020	0	0	0	9,600	9,600	13,100	13,800	26,900

112	SUBTOTAL: ESTATE TAX		0	0	0	9,600	9,600	13,100	13,800	26,900
	STATEWIDE PROPERTY TAX LEVY									
115	Reinstate Inflation for Statewide Property Tax Levy	Payable 20	0	0	14,130	39,240	53,370	68,910	96,200	165,110
116	SUBTOTAL: STATEWIDE PROPERTY TAX		0	0	14,130	39,240	53,370	68,910	96,200	165,110
	CIGARETTE/TOBACCO TAXES									
119	Tobacco Indexing - Excise Tax	DFE	0	0	1,900	7,500	9,400	12,800	18,000	30,800
120	Moist Snuff - Excise Tax	DFE	0	0	300	1,300	1,600	2,300	3,300	5,600
121	Premium Cigars - Excise Tax	DFE	0	0	930	1,000	1,930	1,100	1,100	2,200
122	SUBTOTAL: CIGARETTE/TOBACCO TAXES		0	0	3,130	9,800	12,930	16,200	22,400	38,600
	OTHER TAXES									
125	Deed Transfer Tax - Modify Threshold	Deeds CY 20	0	0	(Negl.)	-5	-5	-5	-10	-15
126	SUBTOTAL: OTHER TAXES		0	0	0	-5	-5	-5	-10	-15
131	TOTAL: GENERAL FUND TAX REVENUE		30,630	30,630	412,305	355,380	767,685	453,905	517,720	971,625
	GENERAL FUND EXPENDITURES:									
	PROPERTY TAX AIDS, CREDITS, & REFUNDS									
133	Local Government Aid	Payable 20	0	0	0	30,593	30,593	30,593	30,593	61,186
134	County Program Aid	Payable 20	0	0	0	30,356	30,356	30,356	30,356	60,712
135	Riparian Buffer Property Tax Credit	Payable 20	0	0	0	15,800	15,800	15,800	15,800	31,600
136	Ag Homestead Clarification	Payable 20	0	0	0	(Unknown)	(Unknown)	(Unknown)	(Unknown)	(Unknown)
137	Allow ITIN Usage for Homestead Credit Refund	Filings CY 19	0	0	0	1,100	1,100	1,100	1,100	2,200
138	Net Loan Activity - Senior Property Tax Deferral Enhancement	Payable 20	0	0	0	170	170	260	260	520
139	<i>INTERACTION WITH PROPERTY TAX REFUNDS: Soil and Water Conservation District Levy</i>		0	0	0	940	940	940	1,140	2,080
140	<i>INTERACTION WITH PROPERTY TAX REFUNDS: Met Council Regional Transit Bonding</i>		0	0	0	50	50	540	860	1,400
141	<i>INTERACTION WITH PROPERTY TAX REFUNDS: Construction Materials Exemption for Governments and Nonprofits</i>		0	0	0	-490	-490	-500	-510	-1,010
142	<i>INTERACTION WITH PROPERTY TAX REFUNDS: County Program Aid</i>		0	0	0	-770	-770	-770	-770	-1,540
143	<i>INTERACTION WITH PROPERTY TAX REFUNDS: Local Government Aid</i>		0	0	0	-780	-780	-780	-780	-1,560
144	TOTAL: PROPERTY TAX AIDS, CREDITS, & REFUNDS		0	0	0	76,969	76,969	77,539	78,049	155,588
	ADMINISTRATION									
147	Appropriation to DOR for Administrative Costs Related to Conformity		0	0	4,217	2,853	7,070	1,450	1,450	2,900
148	TOTAL: ADMINISTRATION		0	0	4,217	2,853	7,070	1,450	1,450	2,900
149	NET GENERAL FUND EFFECT (TAX REVENUE - EXPENDITURES)		30,630	30,630	408,088	275,558	683,646	374,916	438,221	813,137