

2021 Regular Session - OMNIBUS TAX BILL (HF 991-1UE, as passed by Senate)

BUDGET EFFECTS RELATIVE TO FEBRUARY 2021 FORECAST BASELINE (\$ IN THOUSANDS)

Tax Revenue Section: Positive amounts = Increased revenue

Expenditures Section: Positive amounts = Increased spending

4/28/21
5:00 PM

SENATE

LINE	ITEM	FY 2022-23	FY 2024-25	ALL YEARS
	<u>GENERAL FUND FORECAST:</u>			
1	TAX POLICY (REVENUE)	49,110,146	52,555,077	101,665,223
2	PROPERTY TAX REFUNDS, AIDS, & CREDITS (EXPENDITURES)	4,164,181	4,306,710	8,470,891
	<u>GENERAL FUND PROPOSED CHANGES:</u>			
3	TAX POLICY	(527,485)	(147,720)	(675,205)
4	LESS PROPERTY TAX REFUNDS, AIDS, & CREDITS	20,223	32,110	52,333
5	NET: GENERAL FUND BUDGET EFFECTS	(547,708)	(179,830)	(727,538)
	<u>NON-GENERAL FUND PROPOSED CHANGES:</u>			
6	LEGACY FUNDS	(980)	(590)	(1,570)
7	SPECIAL REVENUE FUND	-	-	-
8	TACONITE ENVIRONMENTAL PROTECTION FUND	-	2,830	2,830
9	TACONITE COUNTY ROAD & BRIDGE FUND	-	(2,830)	(2,830)
11	NET: NON-GENERAL FUND BUDGET EFFECTS	(980)	(590)	(1,570)

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LINE	SF	AUTHOR	ITEM	EFFECTIVE	A		B		C		D		E		F		G		H		
					FY 22	FY 23	FY 22-23	FY 24	FY 25	FY 24-25	All Years	%									
<u>I. GENERAL FUND TAX REVENUE CHANGES:</u>																					
<u>INDIVIDUAL INCOME TAX</u>																					
1	1866	Nelson	Credit: Establish Minnesota Housing Tax Credit	TY 23-24	-	-	-	(10,000)	(10,000)	(20,000)	(20,000)	(20,000)									
2	685	Miller	Credit: Extend Historic Structure Rehabilitation Sunset by 1 Year (\$14m Cap)*	Allocations FY 22	(2,200)	(2,800)	(5,000)	(2,800)	(2,800)	(5,600)	(10,600)	(10,600)									
3	918	Weber	Credit: Nonrefundable Ethanol Tax Credit	TY 21-30	(2,400)	(2,900)	(5,300)	(3,500)	(4,200)	(7,700)	(13,000)	(13,000)									
4	1314	Nelson	Credit: Small Business (Angel) Investor	TY 22 Only	-	(10,000)	(10,000)	-	-	-	(10,000)	(10,000)									
5	2064	Bigham	Credit: Liquor Spoilage due to COVID-19 Restrictions	TY 20-21	(3,400)	-	(3,400)	-	-	-	(3,400)	(3,400)									
6	1251	Rest	Credit: Index K12 Credit Amount and Income Threshold to Inflation	TY 21	(200)	(400)	(600)	(500)	(700)	(1,200)	(1,800)	(1,800)									
7	1251	Rest	Subtraction: Index K12 Subtraction Amounts to Inflation	TY 21	(400)	(800)	(1,200)	(1,200)	(1,600)	(2,800)	(4,000)	(4,000)									
8	1766	Howe	Subtraction: Volunteer Drivers	TY 21	(30)	(30)	(60)	(30)	(30)	(60)	(120)	(120)									
9	263	Bakk	Subtraction: Modify Educator Expense Deduction to Include PPE Expenses	TY 20-21	(25)	-	(25)	-	-	-	(25)	(25)									
10	263	Bakk	Subtraction: 18% of Federal Pandemic Unemployment Compensation	TY 20 Only	(28,400)	-	(28,400)	-	-	-	(28,400)	(28,400)									
11	263	Bakk	Exclusion: PPP Loans from Calculation of Income	TY 20-21	(191,500)	(18,200)	(209,700)	(14,400)	(9,900)	(24,300)	(234,000)	(234,000)									
12	263	Bakk	Modify Section 179 Carryovers	TY 20	(3,800)	1,000	(2,800)	1,000	1,000	2,000	(800)	(800)									
13	263	Bakk	Allow Pass-Through Entities to File at Entity Level	TY 21	-	-	-	-	-	-	-	-									
14	2169	Nelson	Partnership Audit Rules	Various	(600)	(1,400)	(2,000)	(1,500)	(1,600)	(3,100)	(5,100)	(5,100)									
15	2232	Weber	Interaction: Statewide Property Tax, Increase Exclusion & Decrease Levy	Payable 22	-	600	600	600	600	1,200	1,800	1,800									
16	2232	Weber	Interaction: Additional CI & SRR Levy Reduction	Payable 22	-	250	250	250	250	500	750	750									
17	2334	Weber	Interaction: Establish In-Home Childcare Provider Credit	Payable 22	-	80	80	90	90	180	260	260									
18	SUBTOTAL: INDIVIDUAL INCOME TAX					(232,955)	(34,600)	(267,555)	(31,990)	(28,890)	(60,880)	(328,435)	48.6%								
<u>CORPORATE FRANCHISE TAX</u>																					
21	263	Bakk	Exclusion: PPP Loans from Calculation of Income	TY 20-21	(183,500)	(15,900)	(199,400)	(12,200)	(9,200)	(21,400)	(220,800)	(220,800)									
22	263	Bakk	Modify Section 179 Carryovers	TY 20	(1,400)	400	(1,000)	400	400	800	(200)	(200)									
23	SUBTOTAL: CORPORATE FRANCHISE TAX					(184,900)	(15,500)	(200,400)	(11,800)	(8,800)	(20,600)	(221,000)	32.7%								
<u>ESTATE TAX</u>																					
26	834	Jasinski	Interaction: Modifications to Ag Homestead Determination	Payable 22	-	(Unknown)	(Unknown)	(Unknown)	(Unknown)	(Unknown)	(Unknown)	(Unknown)									
27	SUBTOTAL: ESTATE TAX					-	(Unknown)	(Unknown)	(Unknown)	(Unknown)	(Unknown)	(Unknown)	0.0%								
<u>SALES & USE TAX</u>																					
30	1318	Nelson	Exemption: COVID-19 PPE Expenses by Restaurants	3/1/20-12/31/21	(9,450)	-	(9,450)	-	-	-	(9,450)	(9,450)									
31	2251	Nelson	Exemption: Public Safety Facility Construction	FY 22	(1,980)	(4,140)	(6,120)	(4,290)	(4,440)	(8,730)	(14,850)	(14,850)									
32	100	Chamberlain	Vendor Allowance (0.15 percent, up to \$250)	FY 23	-	(6,900)	(6,900)	(7,800)	(8,100)	(15,900)	(22,800)	(22,800)									
33	366	Chamberlain	Exemption: Purchases for K12 Fundraising	DFFE	(640)	(670)	(1,310)	(690)	(720)	(1,410)	(2,720)	(2,720)									
34	SUBTOTAL: SALES & USE TAX					(12,070)	(11,710)	(23,780)	(12,780)	(13,260)	(26,040)	(49,820)	7.4%								
36	REFERENCE LINE: NET EFFECT OF SALES & USE TAX PROVISIONS ON LEGACY FUNDS					(700)	(280)	(980)	(290)	(300)	(590)										

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											SENATE								
											A	B	C	D	E	F	G		H
LINE	SF	AUTHOR	ITEM	EFFECTIVE	FY 22	FY 23	FY 22-23	FY 24	FY 25	FY 24-25	All Years	%							
<u>CIGARETTE TAX</u>																			
39	743	Nelson	Dedication of Cigarette Tax Revenue, Tobacco Use/Cessation Projects	FY 22	(5,000)	-	(5,000)	-	-	-	(5,000)								
40			SUBTOTAL: CIGARETTE TAX		(5,000)	-	(5,000)	-	-	-	(5,000)	0.7%							
<u>STATEWIDE PROPERTY TAX</u>																			
43	2232	Weber	Increase Exclusion by \$50,000 (to \$150,000) & Decrease Levy to Prevent Shifting	Payable 22	(10,650)	(20,100)	(30,750)	(20,100)	(20,100)	(40,200)	(70,950)								
44			SUBTOTAL: STATEWIDE PROPERTY TAX		(10,650)	(20,100)	(30,750)	(20,100)	(20,100)	(40,200)	(70,950)	10.5%							
46			TOTAL: GENERAL FUND TAX REVENUE CHANGES		(445,575)	(81,910)	(527,485)	(76,670)	(71,050)	(147,720)	(675,205)	100%							
<u>II. GENERAL FUND EXPENDITURE CHANGES:</u>																			
<u>REFUNDS</u>																			
51	1201	Howe	Exclude Veteran's Disability Income from PTR Calculation	Payable 22	-	4,700	4,700	4,800	4,900	9,700	14,400								
52	27	Howe	PTR Interaction: Modifications to Homestead Application Deadline	Assessments 21	-	70	70	Negl.	Negl.	Negl.	-								
53	27	Howe	PTR Interaction: Veterans' Exclusion	Assessments 21	-	(30)	(30)	(Negl.)	(Negl.)	(Negl.)	(30)								
54	316	Senjem	PTR Interaction: Modifications to 4d Class Rate	Payable 22	-	2,930	2,930	2,930	2,930	5,860	8,790								
55	2334	Weber	PTR Interaction: Establish In-Home Childcare Provider Credit	Payable 22	-	(2,800)	(2,800)	(2,880)	(2,970)	(5,850)	(8,650)								
56	834	Jasinski	PTR Interaction: Modifications to Ag Homestead Determination	Payable 22	-	Unknown	Unknown	Unknown	Unknown	Unknown	-								
57			SUBTOTAL: REFUNDS		-	4,870	4,870	4,850	4,860	9,710	14,510	27.7%							
<u>AIDS</u>																			
60	888	Nelson	One-time Supplemental LGA Distribution	Payable 22 Only	-	5,053	5,053	-	-	-	5,053								
61			SUBTOTAL: AIDS		-	5,053	5,053	-	-	-	5,053	9.7%							
<u>CREDITS</u>																			
64	2334	Weber	Establish In-Home Childcare Provider Credit	Payable 22	-	10,300	10,300	10,900	11,500	22,400	32,700								
65	834	Jasinski	Ag Homestead MV Interaction: Modifications to Homestead Determination	Payable 22	-	Unknown	Unknown	Unknown	Unknown	Unknown	-								
66			SUBTOTAL: CREDITS		-	10,300	10,300	10,900	11,500	22,400	32,700	62.5%							
68			TOTAL: GENERAL FUND EXPENDITURE CHANGES		-	20,223	20,223	15,750	16,360	32,110	52,333	100%							
70			TOTAL: GENERAL FUND BUDGET EFFECTS		(445,575)	(102,133)	(547,708)	(92,420)	(87,410)	(179,830)	(727,538)								

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					A	B	C	D	E			F
					FY 22	FY 23	FY 22-23	FY 24	FY 25	FY 24-25		
			III. NON-GENERAL FUND CHANGES:								-0.05%	
			LEGACY FUNDS									
75	1318	Nelson	Exemption: COVID-19 PPE Expenses by Restaurants	3/1/20-12/31/21	(550)	-	(550)	-	-	-	(550)	
76	2251	Nelson	Exemption: Public Safety Facility Construction	6/30/2021	(110)	(240)	(350)	(250)	(260)	(510)	(860)	
77	366	Chamberlain	Exemption: Purchases for K12 Fundraising	DFFE	(40)	(40)	(80)	(40)	(40)	(80)	(160)	
78			SUBTOTAL: LEGACY FUNDS		(700)	(280)	(980)	(290)	(300)	(590)	(1,570)	
			SPECIAL REVENUE FUND									
81	743	Nelson	Cigarette Tax Revenue to Tobacco Use Prevention & Cessation Account	FY 22	5,000	-	5,000	-	-	-	5,000	
82	743	Nelson	Appropriation to MDH for Tobacco Use Prevention & Cessation Projects	FY 22	(5,000)	-	(5,000)	-	-	-	(5,000)	
83			SUBTOTAL: SPECIAL REVENUE FUND		-	-	-	-	-	-	-	
			TACONITE ENVIRONMENTAL PROTECTION FUND									
86	A3	Bakk	Modify taconite distributions beginning in CY 2024	DFFE	-	-	-	942	1,888	2,830	2,830	
87			SUBTOTAL: TACONITE ENVIRONMENTAL PROTECTION FUND		-	-	-	942	1,888	2,830	2,830	
			TACONITE COUNTY ROAD AND BRIDGE FUND									
90	A3	Bakk	Modify taconite distributions beginning in CY 2024	DFFE	-	-	-	(942)	(1,888)	(2,830)	(2,830)	
91			SUBTOTAL: TACONITE COUNTY ROAD AND BRIDGE FUND		-	-	-	(942)	(1,888)	(2,830)	(2,830)	
100			TOTAL: NON-GENERAL FUND CHANGES		(700)	(280)	(980)	(290)	(300)	(590)	(1,570)	

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					FY 22	FY 23	FY 22-23	FY 24	FY 25	FY 24-25		
IV. NON-BUDGET ITEMS:												
TAX INCREMENT FINANCE (TIF) DISTRICTS				NOTES								
98	564	Port	Burnsville TIF									
99	1411	Weber	Mountain Lake TIF									
100	1711	Wiklund	Bloomington TIF									
101	1921	Osmek	Wayzata TIF									
102	1752	Abeler	Ramsey TIF									
103	1412	Weber	Windom TIF									
LOCAL TAXES				DFFE = Day Following Final Enactment * Budget effects of \$3.4 million estimated for fiscal years outside of the forecast window (i.e. after FY25) ** Based on the February 2021 forecast, the estimated revenue reduction with a full repeal of the June accelerated payment is \$329.4 million to the general fund and \$18.8 million to legacy funds for FY22-23								
106	1387	Rarick	Carlton County									
107	453	Tomassoni	Itasca County									
108	1231	Mathews	Mille Lacs County									
109	493	Rarick	Cloquet									
110	1377	Ruud	Crosslake									
111	1309	Franzen	Edina									
112	1297	Ingebritsen	Fergus Falls									
113	1219	Bakk	Hermantown									
114	997	Litchfield	Litchfield									
115	1213	Weber	Little Falls									
116	1727	Eken	Moorhead									
117	123	Wiger	Oakdale									
118	1672	Putnam	St. Cloud									
119	542	Frentz	St. Peter									
120	1816	Weber	Staples									
121	1579	Weber	Wadena									
122	1289	Putnam	Waite Park									
123	1369	Johnson	Warren									
124	624	Howe	Sartell (Food & Beverage)									
OTHER												
127	A12	Chamberlain	Clarification of Education Savings Accounts Taxation									
128	A8	Weber	Prohibition on local fees/taxes									
129	2232	Weber	Allow Fire and/or Emergency Medical Services Special Taxing Districts									
130	2232	Weber	Affordable Housing Development Tax Assistance Report									
131	1799	Senjem	Energy Improvement Special Assessments									
132	961	Nelson	Reporting Requirement: Private Nonprofit Hospital Lease Agreements									
133	1982	Nelson	Private Letter Ruling									
134	2194	Dziedzic	June Accelerated Forecast Repayment*									