

TAX BILL - JOINT TRACKING SHEET

CHANGE SUMMARY - ALL FUNDS

2023 REGULAR SESSION - HF1938 CONFERENCE COMMITTEE REPORT

5/20/2023

ALL FUNDS, DOLLARS IN THOUSANDS

12:30 PM

TAX POLICY & NON GENERAL FUND CHANGE ITEMS: Positive amounts indicate revenue increase

AIDS & CREDITS: Positive amounts indicate expenditure

STADIUM FINANCE: Positive amounts indicate revenue increase (savings)

LINE	ITEM	Forecast	CONFERENCE COMMITTEE		
		FY 2022-23	FY 2023	FY 2024-25	FY 2026-27
1	GENERAL FUND FORECAST:				
3	TAX POLICY (REVENUE) ¹	58,023,319	28,632,906	58,319,607	62,994,919
4	PROPERTY TAX REFUNDS, AIDS, & CREDITS (EXPENDITURES) ¹	4,641,358	2,588,446	4,434,615	4,554,597
5					
6	GENERAL FUND / NET LOAN ACTIVITY - CHANGE ITEMS:				
7	TAX POLICY			(2,025,744)	(1,242,544)
8	LESS GENERAL FUND PROPERTY TAX REFUNDS, AIDS, & CREDITS		1,126	972,870	56,166
9	LESS NET LOAN ACTIVITY (Senior Deferral)		-	260	1,290
10	SUBTOTAL PROPERTY TAX REFUNDS, AIDS CREDITS + NET LOAN ACTIVITY		1,126	973,130	57,456
11	STADIUM FINANCE/RESERVE CHANGES			(367,355)	(397,527)
12	TOTAL: GENERAL FUND / NET LOAN ACTIVITY		(1,126)	(2,998,874)	(1,300,000)
13	TOTAL: GENERAL FUND, FY 2023-2025 TOTAL			(3,000,000)	
14	TOTAL: GENERAL FUND, FY 2023-2025 TOTAL (WITH STADIUM CHANGES)			(2,632,645)	(902,473)
15					
16	STADIUM RESERVE ACCOUNT				
17	CURRENT LAW		366,179	678,315	1,020,617
18	PROPOSED CHANGE		(366,179)	(678,315)	(1,020,617)
19	SUBTOTAL BUDGET RESERVE + PROPOSED CHANGES			-	-
20					
21	NON-GENERAL FUND - CHANGE ITEMS:				
22	LEGACY FUNDS			(2,165)	(700)
23	ENVIRONMENTAL FUND			6,900	7,300
24	SPECIAL REVENUE FUND			5	10
25	HOUSING DEVELOPMENT FUND			40,000	-
26	IRON RANGE SCHOOL CONSOLIDATION			9,600	10,460
27	TACONITE COUNTY ROAD AND BRIDGE FUND			(2,540)	(3,380)
28	TACONITE ENVIRONMENTAL PROTECTION FUND			(30)	90
29	DOUGLAS J JOHNSON ECONOMIC PROTECTION FUND			(13,630)	(20,190)
30	TACONITE PROPERTY TAX RELIEF ACCOUNT			(6,000)	90
31	IRON RANGE RESOURCE AND REHABILITATION ACCOUNT			12,600	13,740
32					
33	SUBTOTAL: NON-GENERAL FUND CHANGE ITEMS			44,740	7,420

(1) General Fund state tax revenues and expenditures are based on the Minnesota Management & Budget February 2023 Forecast

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CHANGES TO GENERAL FUND TAX REVENUE (POLICY) - February 2023 Forecast

Note: Positive numbers = revenue gains, negative numbers = revenue reduction, bracketed numbers and are not included in the total

	EFFECTIVE	CONFERENCE	CONFERENCE	CONFERENCE	CONFERENCE	CONFERENCE	CONFERENCE
		FY2024	FY2025	FY2024-25	FY2026	FY2027	FY2026-27
NON-DEDICATED TAX REVENUE (\$ IN THOUSANDS)							
1 Tax Policy -Change Items - Summary							
2 <i>Tax Policy - Change Items</i>		(1,397,702)	(628,042)	(2,025,744)	(613,612)	(628,932)	(1,242,544)
3 Total - General Fund, Tax Policy - All Change Items		(1,397,702)	(628,042)	(2,025,744)	(613,612)	(628,932)	(1,242,544)
INDIVIDUAL INCOME TAX							
Change Items							
7 Fed. Conformity: Limitation on Excess Business Losses (ARPA)	TY26	-	-	-	20,700	48,300	69,000
8 Fed. Conformity: Extend Limitation on Excess Business Losses (IRA)	TY27-28	-	-	-	-	21,400	21,400
9 Fed. Conformity: Modify Nonresident Adjustment Calculation (Ch. 1, 2023 Session)	Various	4,400	(700)	3,700	(1,000)	(1,400)	(2,400)
10 Fed. Conformity: Secure Act 2.0 - Def. Sales, Stock to An Empl. Stock Ownership Plan (see note "#")	TY28	-	-	-	-	-	-
11 Fed. Conformity: Secure Act 2.0 - Retirement Account Withdrawals Emergency Exp.	TY24	-	(1,300)	(1,300)	(1,300)	(1,300)	(2,600)
12 Fed. Conformity: Secure Act 2.0 - Simplified Employee Pension Plans	TY 23	(100)	(100)	(200)	(100)	(100)	(200)
13 Fed. Conformity: Secure Act 2.0 - Distributions 529 Plans to a Roth IRAs	TY24	-	(1,200)	(1,200)	(1,200)	(1,300)	(2,500)
14 Fed. Conformity: Secure Act 2.0 - Qualified Charitable Contrib. from IRA	TY23	(500)	(1,000)	(1,500)	(1,000)	(1,200)	(2,200)
15 Fed. Conformity: Secure Act 2.0 - Exclusion, First Responder Retirement Benefits (see note "#")	TY 27	-	-	-	-	-	-
16 Fed. Conformity: Secure Act 2.0 - Distributions from IRA for Federal Disasters	1/26/2021	(900)	(500)	(1,400)	-	-	-
17 Fed. Conformity: Secure Act 2.0 - Limit Deduction for Charitable Conserv. Easements	12/29/2022	4,200	3,300	7,500	2,800	1,900	4,700
18 Fed. Conformity - GILTI with 50% DRD, No Section 250 Deduction	TY23	3,500	2,800	6,300	2,900	3,100	6,000
20 Standard/Itemized Deduction Phaseout Modifications (10% over 4th Tier Thresholds/20\$ over \$1m AGI)	TY 23	173,800	180,500	354,300	187,600	197,800	385,400
21 Net Investment Income Tax (1% above \$1m, excluding gains from agricultural land sales)	TY24	-	86,200	86,200	87,700	88,800	176,500
23 Direct Pymt - Advanced Refundable Credit (\$520 MJ Filers, \$260 Single Filers, \$260 Dependent)	TY23 only	(1,130,900)		(1,130,900)			-
25 Child Tax Credit (\$1,750 per child, phaseout at \$35,000/\$29,500)	TY23	(455,400)	(438,000)	(893,400)	(434,600)	(480,400)	(915,000)
26 Child Tax Credit for Newly Eligible Filers	TY23	(58,400)	(58,600)	(117,000)	(58,800)	(60,100)	(118,900)
27 Changing the Working Family Credit	TY23	150,000	150,000	300,000	150,300	150,600	300,900
28 Interaction - ITIN		(44,900)	(42,100)	(87,000)	(41,100)	(45,600)	(86,700)
29 subtotal		(408,700)	(388,700)	(797,400)	(384,200)	(435,500)	(819,700)
31 Modify Child & Dependent Care Credit, Newborn Credit to Unmarried Filers	TY23	(1,600)	(1,600)	(3,200)	(1,600)	(1,600)	(3,200)
32 Working Family Credit - ITIN Filers	TY23	(9,800)	(10,000)	(19,800)	(10,200)	(10,400)	(20,600)
33 Modify K-12 Education Credit, FAGI Phaseout threshold \$70K, credit increased	TY 23	(12,100)	(12,700)	(24,800)	(13,000)	(13,300)	(26,300)
34 Interaction with K-12 Education Credit: K-12 Education Subtraction		1,000	1,000	2,000	1,000	1,100	2,100
35 Modify Military Tax Credit	TY23	(200)		(200)			-
36 Modify Social Security Subtraction, 100% Subtr. for MJ Filers w/ FAGI below \$100K (phased out by \$140k)	TY23	(235,800)	(260,400)	(496,200)	(279,500)	(297,300)	(576,800)
37 Public Pension Subtraction, \$25K Max. Subtraction for MJ Filer with FAGI below \$100K	TY23	(41,300)	(41,100)	(82,400)	(41,000)	(40,800)	(81,800)
38 Interaction - Social Security & Public Pension (Senate)		1,000	1,000	2,000	1,000	1,000	2,000
39 Modify Subtraction, Qualified Student Loan Discharges	TY23	-	-	-	-	(100)	(100)
40 Modify Film Production Credit	TY23 - TY30	(8,500)	(10,100)	(18,600)	(12,700)	(13,000)	(25,700)
41 Modify Beginning Farmer's Credit - Sales of Agricultural Assets	TY23 - TY30	(4,000)	(4,000)	(8,000)	(4,000)	(4,000)	(8,000)
42 Subtraction, Certain Sexual Harassment/Abuse Settlements	TY23	(100)	(100)	(200)	(100)	(100)	(200)
43 Manufacturing Home Park Tax Credit to Cooperatives (Non Refundable)	TY23 - TY30	(350)	(380)	(730)	(400)	(430)	(830)

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CHANGES TO GENERAL FUND TAX REVENUE (POLICY) - February 2023 Forecast

Note: Positive numbers = revenue gains, negative numbers = revenue reduction, bracketed numbers and are not included in the total

NON-DEDICATED TAX REVENUE (\$ IN THOUSANDS)		EFFECTIVE	CONFERENCE	CONFERENCE	CONFERENCE	CONFERENCE	CONFERENCE	CONFERENCE
			FY2024	FY2025	FY2024-25	FY2026	FY2027	FY2026-27
44	Reinstate Angel Tax Credit	TY23 - TY24	(5,000)	(5,000)	(10,000)			
45	Shortline Railroad Modernization Tax Credit	TY23 - TY30	(1,400)	(1,400)	(2,800)	(1,400)	(1,400)	(2,800)
46	Subtraction, Unemployment Compensation Received by Teenagers	TY21	(10)	-	(10)	-	-	-
47	Pass-through Entity Tax Modifications	TY23	Unknown	Unknown	Unknown	Unknown	Unknown	Unknown
48	Renter's Income Tax Credit (Refundable)	TY24	-	(378,600)	(378,600)	(382,300)	(386,000)	(768,300)
49								
50	Interactions with Property Tax, Aids and Credits ^		-	850	850	770	750	1,520
51								
52	Subtotal -Income Tax Change Items		(1,673,360)	(843,230)	(2,516,590)	(830,530)	(845,080)	(1,675,610)
53								
54	CORPORATE FRANCHISE TAX							
55	<i>Change Items</i>							
56	Fed. Conformity - GILTI with 50% DRD, No Section 250 Deduction	TY23	249,200	181,500	430,700	184,500	188,600	373,100
57	Reduced Deduction for Dividends Received (50%/40%)	TY23	74,100	54,000	128,100	54,900	56,100	111,000
58	Corporate Net Operating Loss Modifications (80% to 70%)	TY24	5,200	17,300	22,500	17,600	17,900	35,500
59	Reinstate the Historic Rehabilitation Tax Credit	TY22 - TY30	(700)	(3,100)	(3,800)	(8,100)	(14,700)	(22,800)
60								
61	Interactions with Property Tax, Aids and Credits ^		-	1,010	1,010	910	910	1,820
62								
63	Subtotal - Corporate Franchise Tax, Change Items		327,800	250,710	578,510	249,810	248,810	498,620
64								
65	SALES AND USE TAXES**							
66								
67	<i>Change Items</i>							
68	City of Minneapolis, Retained Local Sales Tax Revenue Reduced, Eliminate Interest on Construction	7/1/2023	(6,172)	(6,172)	(12,344)	(6,172)	(6,172)	(12,344)
69	Exemption, Certain Natural Gas Fees to Residential Customers	7/1/2021 - 12/31/2026	(7,560)	(2,380)	(9,940)	(2,380)	(1,310)	(3,690)
70	Exemption, Disregarded Single Member Entities	7/1/2023	(710)	(760)	(1,470)	(810)	(860)	(1,670)
71	Exemption Modified, County Fair Sales	DPE	(30)	(30)	(60)	(30)	(30)	(60)
72	Exemption, Purchases of Firearm Storage Units	7/1/2023	(20)	(20)	(40)	(20)	(20)	(40)
73	Exemption Modified, Suite Licenses	7/1/2022	(1,350)	(690)	(2,040)	(690)	(700)	(1,390)
74	Exemption Modified, Amenities Included in Admission to Athletic Events	7/1/2022-6/30/30	(490)	(260)	(750)	(260)	(270)	(530)
75	Exemption, Sales to Nonprofit Blood Centers	1/1/2020 - 12/30/27	(1,400)	(300)	(1,700)	(300)	(300)	(600)
76	Exemption, Const. Materials Modified, Mazeppa Fire	3/12/18 - 12/31/24	(20)	-	(20)	-	-	-
77	Exemption, Const. Materials Modified, Maple Grove, Reg. Public Safety Ctr.	9/1/21-12/31/23	(290)	-	(290)	-	-	-
78	Exemption, Construction Materials, City of Chanhassen	2/1/24 - 1/31/27	-	(260)	(260)	(260)	(260)	(520)
79	Exemption, Construction Materials, Chisholm Public Schools	1/1/22 - 12/31/24	(420)	(420)	(840)	-	-	-
80	Exemption, Construction Materials, Duluth Public Schools	7/1/21 - 12/31/24	(510)	-	(510)	-	-	-
80	Exemption, Construction Materials, City of Edina, Community Health Center	1/1/24 - 12/31/25	-	-	-	(910)	-	(910)
81	Exemption, Construction Materials, Ely Public Schools	5/2/19 - 12/31/23	(360)	-	(360)	-	-	-
82	Exemption, Construction Materials, Hibbing Public Schools	5/2/19 - 12/31/24	(260)	-	(260)	-	-	-
83	Exemption, Construction Materials, Minneapolis - St. Paul Airport	7/1/23 - 6/30/24	(7,560)	-	(7,560)	-	-	-
84	Exemption, Construction Materials, City of Moorhead	3/1/24 - 3/31/27	-	(240)	(240)	(240)	(240)	(480)
85	Exemption, Construction Materials, Nashwauk-Keewatin Public Schools	1/1/22 - 12/31/24	(620)	(620)	(1,240)	-	-	-
86	Exemption, Construction Materials, Northern Lights Academy	1/1/22 - 12/31/24	(160)	(160)	(320)	-	-	-

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	EFFECTIVE	CONFERENCE	CONFERENCE	CONFERENCE	CONFERENCE	CONFERENCE	CONFERENCE
		FY2024	FY2025	FY2024-25	FY2026	FY2027	FY2026-27
NON-DEDICATED TAX REVENUE (\$ IN THOUSANDS)							
87	Exemption, Construction Materials, Northland Learning Center	1/1/22 - 12/31/24	(190)	(190)	(380)		-
88	Exemption, Construction Materials, City of Oakdale, New Public Works Facility	9/1/23 - 12/31/26	-	(250)	(250)	(250)	(500)
89	Exemption, Construction Materials, Ramsey Water Treatment Center	1/1/2023	(350)	(350)	(700)	(350)	(700)
90	Exemption, Construction Materials, Red Lake County ISD 2906	1/1/21 - 12/31/25	-	(400)	(400)		-
91	Exemption, Construction Materials, Rock Ridge Public Schools	5/2/19 - 12/31/23	(3,050)	-	(3,050)		-
92	Exemption, Construction Materials, Red Rock & Springfield Central School Districts	1/1/22 - 6/30/25	(900)	(900)	(1,800)		-
93	Exemption, Construction Materials & Capital Equipment, Spring Grove Fire Rem.	12/23/22-12/31/27	(130)	-	(130)	-	-
94	Exemption, Construction Materials, City of Wayzata	4/1/20 - 12/31/24	(1,080)	-	(1,080)		-
95	Exemption, Construction Materials, City of Woodbury Central Park	7/1/23 - 12/31/25	-	(520)	(520)	(520)	(520)
96							
97	Subtotal - Sales & Use Tax, Change Items		(33,632)	(14,922)	(48,554)	(13,192)	(10,762)
98							
99	LAWFUL GAMBLING TAXES						
100	Change Items						
101	Combined Net Receipt Tax, Rate Reduction	7/1/2023	(13,600)	(15,600)	(29,200)	(16,100)	(16,600)
102							
103	Subtotal - Lawful Gambling Taxes, Change Items		(13,600)	(15,600)	(29,200)	(16,100)	(16,600)
104							
105	OTHER TAX & NON TAX REVENUE						
106	Change Items						
107	Repeal \$50 Fee for Payment Agreement Plan	DFE	(1,500)	(1,500)	(3,000)	(1,500)	(1,500)
108	Solid Waste Tax, Reallocation of Receipts between General Fund/Environ. Fund at 3%	DFE	(3,400)	(3,500)	(6,900)	(3,600)	(3,700)
109	Gross Proceeds Tax, Non Ferrous Mining (see note "###")	Assmt Yr 23	-	-	-	1,500	1,400
110	State Distribution of Gross Proceeds Tax	Dist. After 12.31.22	-	-	-	-	(1,500)
111	State General Levy, Tribal Land Exemption	Pay 2023	(10)		(10)		-
112							-
113	Subtotal - Other Tax & Non Tax Revenue, Change Items		(4,910)	(5,000)	(9,910)	(3,600)	(5,300)

Commonly used spreadsheet acronyms and other notations:

Federal Conformity "ARPA" denotes American Rescue Plan and Federal Conformity "IRA" denotes Inflation

"DFE" denotes a provision is effective day following enactment

"DOR" Minnesota Department of Revenue

"Negli." denotes negligible cost/savings of plus or minus \$5,000

"Feb-23" denotes current law estimates based on MMB's February 2023 Forecast

** Indicates provision has a non general fund revenue impacts, see non general fund tracking

^^ The estimates in brackets "[]" are not included in the total.

^ Interactions with Property Taxes, Fiscal Impact in Appendix B

"#" These provisions have fiscal impact outside the budget forecast window: (1) Secure Act; Exclusion of First Responder Retirement Benefits starting in FY29; (2) Secure Act: Sales of Employee Stock to an Employer Stock Ownership Plan starting in FY 28;

"###" The gross proceeds tax replaces a net proceeds tax anticipated to generate revenue beginning in FY29; both House and Senate positions repeal the net proceeds tax.

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CHANGES TO GENERAL FUND TAX AIDS, CREDITS & REFUNDS - 2023 February Forecast

Dollars in Thousands

Note: Positive numbers are program expenditures/revenue losses, negative numbers are cost savings/revenue gains. [] brackets are for reference only and not included in totals.

Change Item Description	Effective Date	CONFERENCE	CONFERENCE	CONFERENCE	CONFERENCE	CONFERENCE	CONFERENCE	CONFERENCE
		FY2023	FY2024	FY2025	FY2024-25	FY2026	FY2027	FY2026-27
GENERAL FUND SUMMARY								
1 Property Tax Aids, Credits and Refunds								
2 February 2023 forecast		2,588,446	2,197,802	2,236,813	4,434,615	2,263,356	2,291,241	4,554,597
3 <i>HF 1938 Tax Bill -Total Proposed GF Changes</i>		1,126	643,299	329,571	972,870	(3,187)	59,353	56,166
4 <i>HF 1938 Tax Bill -Total Proposed Net Loan Activity Changes</i>		0	0	260	260	640	650	1,290
5 <i>Subtotal GF + Net Loan Activity Proposed Changes</i>		1,126	643,299	329,831	973,130	(2,547)	60,003	57,456
6 Property Tax Aids, Credits and Refunds - February 2023 + HF 1938 Chgs		2,589,572	2,841,101	2,566,384	5,407,485	2,260,169	2,350,594	4,610,763
PROPERTY TAX REFUNDS								
Homestead Credit State Refund (HCSR) PTR changes								
10 Expand Homestead to Indiv taxpayer ID number (ITIN)	App filed 2023, cty data 2024		0	2,000	2,000	2,000	2,000	4,000
11 Homeowner PTR - Reduce all eligible homeowner copays 3%	2023 Rfds / Pay 2024		0	25,400	25,400	25,700	25,900	51,600
12 Additional One-Time 20.6% PTR payment								
13 Homestead Credit State Refund (HCSR), taxes payable 2023			137,466	0	137,466			
14 Renter Credit PTR, base rent paid 2022			48,259	0	48,259			
15 Subtotal - Additional One-Time 20.6% PTR payment			185,725	0	185,725			
16 Enhanced Taxpayer Assistance for PTR, WFC	7/1/2023		1,000	1,000	2,000	1,000	1,000	2,000
17 Targeting PTR - One-time threshold reduction from 12% to 6% incrs property tax, max refund increase from \$1,000 to \$2,500	Pay 2023 only		23,100	200	23,300			0
18 Homestead Market Value Exclusion changes \$95,000 threshold, maximum exclusion \$38,000, maximum market value \$517,200 PTR interaction	Assmt 2024		0	0	0	(6,080)	(6,080)	(12,160)
20 Community land trust property class 4d(2) rate @ 0.75% - PTR interaction	Assmt 2024		0	0	0	(260)	(260)	(520)
21 Class 4d low-income rental housing; remove tier, set rate at 0.25%	Assmt 2024					2,920	2,920	5,840
22 Agricultural homesteads, first tier valuation increase	Assmt 2024					640	640	1,280
24 Green acres determent modification for certain property (eminent domain)	Assmt 2024					Negligible	Negligible	Negligible
26 Solar generating system real property class clarified - PTR interaction	Assmt 2024		0	0	0	(Negligible)	(Negligible)	(Negligible)
27 Indian tribe-owned property (Minneapolis), extend property tax exemption	Pay 2023-34		0	Negligible	Negligible	Negligible	Negligible	Negligible
28 Elderly living facilities (St. Ann's) exempted from property tax - PTR interaction	Pay 2023		0	10	10	10	10	20
29 Spouses disabled veterans' homestead MVE - application deadline eliminated /allowed to reapply	Assmt 2023		0	(30)	(30)	(40)	(40)	(80)

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Dollars in Thousands

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Change Item Description	Effective Date	CONFERENCE	CONFERENCE	CONFERENCE	CONFERENCE	CONFERENCE	CONFERENCE	CONFERENCE
		FY2023	FY2024	FY2025	FY2024-25	FY2026	FY2027	FY2026-27
30 Metropolitan revenue distribution (fiscal disparities program) changes	Pay 2024			(Negligible)	(Negligible)	(Negligible)	(Negligible)	(Negligible)
31 Property tax exemption ISD #745 Albany (Stearns County) Pay 2023	Pay 2023		46	0	46			
32 <u>Other HCSR Aid/Credit change related PTR interactions</u>								
33 PTR interaction - LGA approp increase	Pay 2024			(2,180)	(2,180)	(2,180)	(2,180)	(4,360)
34 PTR interaction - CPA approp increase	Pay 2024			(2,180)	(2,180)	(2,180)	(2,180)	(4,360)
35 PTR interaction - Class 4d Transition Aid	Pay 25-26 only					(20)	(20)	(40)
36 PTR interaction - PILT valuation increase	Pay 2024		0	(250)	(250)	(280)	(300)	(580)
37 PTR interaction - Electric Generation Transition Aid	Pay 2024		0	(70)	(70)	(110)	(40)	(150)
38 PTR interaction - Statewide Local Housing Aid	Pay 2023		0	(540)	(540)	(240)	(240)	(480)
39 PTR interaction - Local Homeless Prevention Aid 12% for Tribal governments	Assmt 2024		0	70	70	70	70	140
40 PTR interaction - Watershed Districts Levy Authority increase	Assmt 2024		0	0	-	340	340	680
41								
42 Subtotal - Homestead Credit State Refund PTR changes		0	209,871	23,430	233,301	21,290	21,540	42,830
43 <u>Renter Property Tax Refund changes</u>								
44 Renters Credit - Convert to Income Tax Credit								
45 Renter Income Tax credit, eff rent pd 2024, tax filed 2025 [REV loss reference only]				[378,600]	[378,600]	[382,300]	[386,000]	[768,300]
46 Repeal Renter PTR, sunset rent paid 2024, taxes filed in 2025	Rent Pd 2024		0	0	0	(245,500)	(247,300)	(492,800)
47 Subtotal - Renter / Targeting PTR changes		0	0	0	0	(245,500)	(247,300)	(492,800)
48								
49 <u>AIDS AND CREDITS</u>								
50 <u>Local Aid changes</u>								
51 Local Government Aid approp increase	Pay 2024	0	0	80,000	80,000	80,000	80,000	160,000
52 Local Government Aid prepay Pay 2025	Pay 2025			60,586	60,586	(60,586)	0	(60,586)
53 City of Echo 2021 LGA penalty forgiveness (\$46,060)	DFE	46	0	0	0			0
54 City of Morton 2021 LGA penalty forgiveness (\$79,476)	DFE	79	0	0	0			0
55								
56 Mahnomen City/County Property Tax Reimbursement Aid increase	Pay 2023	0	0	160	160	160	160	320
57 City of Spring Grove fire remediation grant, one-time	FY 2024		250	0	250	0	0	0
58 City of Northfield (infrastructure grant) one-time	FY 2024		300	0	300	0	0	0
59 Windom Relief	7/1/2023		14,000	0	14,000			
60 Crane Lake Water and Sanitary District Debt Service Relief	7/1/2023		1,294	0	1,294			
61 City of Minneapolis - Acquisition of property at 28th St. E. and Longfellow Ave.	7/1/2023		2,000	0	2,000			
62 City of Minneapolis - Lake Street Corridor	7/1/2023		8,000	0	8,000			
63								

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CHANGES TO GENERAL FUND TAX AIDS, CREDITS & REFUNDS - 2023 February Forecast

Dollars in Thousands

Note: Positive numbers are program expenditures/revenue losses, negative numbers are cost savings/revenue gains. [] brackets are for reference only and not included in totals.

Change Item Description	Effective Date	CONFERENCE	CONFERENCE	CONFERENCE	CONFERENCE	CONFERENCE	CONFERENCE	CONFERENCE	
		FY2023	FY2024	FY2025	FY2024-25	FY2026	FY2027	FY2026-27	
64 County Program Aid appropriation increase	Pay 2024	0		80,000	80,000	80,000	80,000	160,000	
65									
66 Increase Payments in Lieu of Taxes (PILT) valuation \$1 per acre/ Lakeshore report	Pay 2024 Study DFE	0	0	9,300	9,300	10,200	11,000	21,200	
68 Establish Statewide Local Housing Aid program	Pay 2023								
69 SLHA to Counties	Pay 2023		13,050	13,050	26,100	5,800	5,800	11,600	
70 SLHA to Tribes	Pay 2023		2,700	2,700	5,400	1,200	1,200	2,400	
71 SLHA to Cities with population of at least 10,000	Pay 2023		4,500	4,500	9,000	2,000	2,000	4,000	
72 SLHA to MHFA - Local Housing Aid grants to Small Cities	Pay 2023		<u>2,250</u>	<u>2,250</u>	<u>4,500</u>	<u>1,000</u>	<u>1,000</u>	<u>2,000</u>	
73 Subtotal Statewide Local Housing Aid			22,500	22,500	45,000	10,000	10,000	20,000	
74									
75 Electric Generation Transition Aid to Local Governments	Pay 2024		0	2,120	2,120	3,430	1,420	4,850	
76 Repeal Utility Valuation Transition Aid	Pay 2024		0	(17)	(17)	(18)	(19)	(37)	
77									
78 Public Safety Aid to Local Governments	FY 2024		300,000		300,000			0	
79 Soil and Water Conservation District Aid	Pay 2023	0	15,000	15,000	30,000	12,000	12,000	24,000	
80 Class 4d Transition Aid	Pay 2025		0	0	0	580	580	1,160	
81 Subtotal - Local Aid changes		126	363,344	269,649	632,993	135,766	195,141	330,907	
82 Property Tax Credit changes									
85 SBB interaction - Reduction from Ag homestead 1st tier valuation increase	Assmt 2024					(1,250)	(1,420)	(2,670)	
86 Subtotal - Property Tax Credit changes		0	0	0	0	(1,250)	(1,420)	(2,670)	
87 Other changes									
88 Tribal Nations Aid	Pay 2024		0	35,000	35,000	35,000	35,000	70,000	
89 Housing Development Fund, Workforce & Affordable Homeownership account	7/1/2023		40,000	0	40,000				
90 Disallow Revenue Recapture nonprofit hospitals	DFE		201	201	402	201	201	402	
91 Free Filing Report, 1.15.2024	FY 2024		175	0	175	0	0	0	
92 Interactive taxpayer receipt website begin w/taxes payable 2023- MMB admin	DFE		144	47	191	47	47	94	
93 Problem Gambling (interaction with Charitable Gambling)	7/1/2023		(136)	(156)	(292)	(161)	(166)	(327)	
94 Increase Political Contribution Refund to \$75 individual / \$150 married joint filer	7/1/2023		700	1,400	2,100	1,400	1,400	2,800	
95 IRS Tax Filing Modernization Account	7/1/2023		5,000	0	5,000	0	0	0	
96 TRA / St. Paul TRFA - School Pension Adjustment Aid	7/1/2025		0	0	0	47,020	54,910	101,930	
97 MN Department of Revenue Administration of Refundable Credit	DFE	<u>1,000</u>	21,000	0	21,000				
98 MN Department of Revenue Administration of 2023 Tax Act	DFE		<u>3,000</u>	<u>0</u>	<u>3,000</u>	<u>3,000</u>	<u>0</u>	<u>3,000</u>	
99 Subtotal - Other changes		1,000	70,084	36,492	106,576	86,507	91,392	177,899	
101 Total General Fund, Tax Aids, Credits & Refunds			\$1,126	\$643,299	\$329,571	\$972,870	(\$3,187)	\$59,353	\$56,166

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CHANGES TO GENERAL FUND TAX AIDS, CREDITS & REFUNDS - 2023 February Forecast

Dollars in Thousands

Note: Positive numbers are program expenditures/revenue losses, negative numbers are cost savings/revenue gains. [] brackets are for reference only and not included in totals.

Change Item Description	Effective Date	CONFERENCE	CONFERENCE	CONFERENCE	CONFERENCE	CONFERENCE	CONFERENCE	CONFERENCE
		FY2023	FY2024	FY2025	FY2024-25	FY2026	FY2027	FY2026-27
102 Net Loan Activity								
103 Senior citizens' property tax deferral requirements: lower occupancy requirement to 5 years, increase HH income to \$96K - PTR interaction	Pay 2024		0	260	260	640	650	1,290
104 Total GF + Net Loan Activity, Tax Aids, Credits & Refunds		1,126	643,299	329,831	973,130	(2,547)	60,003	57,456
107 GF Summary PTAC		FY2023	FY2024	FY2025	FY2024-25	FY2026	FY2027	FY2026-27
108 Subtotal - Homestead Credit State Refund PTR changes		0	209,871	23,430	233,301	21,290	21,540	42,830
109 Subtotal - Renter / Targeting PTR changes		0	0	0	0	(245,500)	(247,300)	(492,800)
110 Subtotal - Local Aid changes		126	363,344	269,649	632,993	135,766	195,141	330,907
111 Subtotal - Property Tax Credit changes		0	0	0	0	(1,250)	(1,420)	(2,670)
112 Subtotal - Other changes		1,000	70,084	36,492	106,576	86,507	91,392	177,899
113 TOTAL GF Changes, Property Tax Aids & Credits		1,126	643,299	329,571	972,870	(3,187)	59,353	56,166

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NON GENERAL FUND CHANGES - February 2023 Forecast

Note: Positive numbers = revenue gains, negative numbers = revenue reduction, bracketed numbers and are not included in the total

	EFFECTIVE	CC FY2023	Conf FY2024	Conf FY2025	Conf FY2024-25	Conf FY2026	Conf FY2027	Conf FY2026-27
1 Total Non General Fund		-	41,750	2,990	44,740	3,170	4,250	7,420
2 Total - Legacy Funds:		-	(1,650)	(515)	(2,165)	(435)	(265)	(700)
3 Temporarily Exempts Certain Natural Gas Fees to Residential Customers	Various		(440)	(140)	(580)	(140)	(80)	(220)
4 Sales tax Exemption, Disregarded Single Member Entities	7/1/2023		(40)	(40)	(80)	(50)	(50)	(100)
5 Exemption Modified, County Fair Sales	DFE		(negli.)	(negli.)	(negli.)	(negli.)	(negli.)	(negli.)
6 Exemption, Purchases of Firearm Storage Units	7/1/2023		(negli.)	(negli.)	(negli.)	(negli.)	(negli.)	(negli.)
7 Exemption Modified, Suite Licenses	7/1/2022		(80)	(40)	(120)	(40)	(40)	(80)
8 Exemption Modified, Amenities Included in Admission to Athletic Events	7/1/2022-6/30/30		(30)	(10)	(40)	(20)	(20)	(40)
9 Exemption, Sales to Nonprofit Blood Centers	1/1/2020 - 12/30/27		(80)	(20)	(100)	(20)	(20)	(40)
10 Exemption, Const. Materials, Mazeppa Fire	3/12/18 - 12/31/24		(negli.)		(negli.)			-
11 Exemption, Const. Mat., Maple Modified, Maple Grove, No. Metro Range Reg. Public Safety C	9/1/21-12/31/23		(20)		(20)			-
12 Exemption, Construction Materials, City of Chanhassen	2/1/24 - 1/31/27		-	(15)	(15)	(15)	(15)	(30)
13 Exemption, Construction Materials, Chisholm Public Schools	1/1/22 - 12/31/24		(20)	(20)	(40)			-
14 Exemption, Construction Materials, Duluth Public Schools	7/1/21 - 12/31/24		(30)		(30)			-
15 Exemption, Construction Materials, City of Edina, Community Health Center	1/1/24 - 12/31/25		-	-	-	(50)		(50)
16 Exemption, Construction Materials, Ely Public Schools	5/2/19 - 12/31/23		(20)		(20)			-
16 Exemption, Construction Materials, Hibbing Public Schools	5/2/19 - 12/31/24		(10)		(10)			-
17 Exemption, Construction Materials, Minneapolis - St. Paul Airport	7/1/23 - 6/30/24		(440)		(440)			-
18 Exemption, Construction Materials, City of Moorhead	3/1/24 - 3/31/27		-	(10)	(10)	(10)	(10)	(20)
19 Exemption, Construction Materials, Nashwauk-Keewatin Public Schools	1/1/22 - 12/31/24		(40)	(40)	(80)			-
20 Exemption, Construction Materials, Northern Lights Academy	1/1/22 - 12/31/24		(10)	(10)	(20)			-
21 Exemption, Construction Materials, Northland Learning Center	1/1/22 - 12/31/24		(10)	(10)	(20)			-
22 Exemption, Construction Materials, City of Oakdale, New Public Works Facility	9/1/23 - 12/31/26			(10)	(10)	(10)	(10)	(20)
23 Exemption, Construction Materials, Ramsey Water Treatment Center	1/1/2023		(20)	(20)	(40)	(20)	(20)	(40)
24 Exemption, Construction Materials, Red Lake County ISD 2906	1/1/21 - 12/31/25		-	(20)	(20)			-
25 Exemption, Construction Materials, Rock Ridge Public Schools	5/2/19 - 12/31/23		(180)	-	(180)			-
26 Exemption, Construction Materials, Red Rock & Springfield Central School Districts	1/1/22 - 6/30/25		(50)	(50)	(100)			-
27 Exemption, Construction Materials & Capital Equipment, Spring Grove Fire Rem.	12/23/22-12/31/27		(10)		(10)			-
28 Exemption, Construction Materials, City of Wayzata	4/1/20 - 12/31/24		(60)		(60)			-
28 Exemption, Construction Materials, City of Woodbury Central Park	7/1/23 - 12/31/25			(30)	(30)	(30)		(30)
29								
30 Total - Environmental Fund:		-	3,400	3,500	6,900	3,600	3,700	7,300
32 Solid Waste Tax, Reallocation of Receipts between General Fund/Environ. Fund			3,400	3,500	6,900	3,600	3,700	7,300
33								

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NON GENERAL FUND CHANGES - February 2023 Forecast

Note: Positive numbers = revenue gains, negative numbers = revenue reduction, bracketed numbers and are not included in the total

	EFFECTIVE	CC FY2023	Conf FY2024	Conf FY2025	Conf FY2024-25	Conf FY2026	Conf FY2027	Conf FY2026-27
34 Total - Special Revenue Fund:		-	-	5	5	5	5	10
35								
36 Revenue Recapture; Certain Nonprofit Hospitals Claims Disallowed	7/1/2023			5	5	5	5	10
37								
38 Total - Housing Development Fund		-	40,000	-	40,000	-	-	-
39								
40 Mortgage Registry Tax & Deed Tax, Appropriation to Workforce & Affordable Hsg. Dev. Ac	7/1/2023		40,000		40,000			-
41								
42 Total - Iron Range School Consolidation			4,370	5,230	9,600	5,230	5,230	10,460
43								
44 Make Permanent Additional Distribution	DFE		870	1,730	2,600	1,730	1,730	3,460
45 Transfer from DJJ Economic Protection Fund			3,500	3,500	7,000	3,500	3,500	7,000
46								
47 Total - County Road & Bridge Fund:			(850)	(1,690)	(2,540)	(1,690)	(1,690)	(3,380)
48								
49 Make Permanent Reduction Distribution	DFE		(850)	(1,690)	(2,540)	(1,690)	(1,690)	(3,380)
50								
51 Total - Taconite Environmental Protection Fund:			(10)	(20)	(30)	(20)	110	90
52								
53 Gross Proceeds and Assistance Area	DFE		-	-	-	-	130	130
54 Make Permanent Reduction Distribution			(10)	(20)	(30)	(20)	(20)	(40)
55								
56 Total - DJJ Economic Protection Fund:			(3,510)	(10,120)	(13,630)	(10,120)	(10,070)	(20,190)
57								
58 Make Permanent Additional Distribution	DFE		(10)	(20)	(30)	(20)	(20)	(40)
59 Gross Proceeds and Assistance Area	DFE		-	-	-	-	50	50
60 Transfer to IRRB and Iron Range School Consolidation	DFE		(3,500)	(10,100)	(13,600)	(10,100)	(10,100)	(20,200)
61								
62 Total - Taconite Property Tax Relief Account			(6,000)	-	(6,000)	-	90	90
63								
64 Transfer to IRRR Account	DFE		(6,000)	-	(6,000)	-	-	-
65 Gross Proceeds and Assistance Area	DFE		-	-	-	-	90	90
66								
67 Total - Iron Range Resources and Rehabilitation Account			6,000	6,600	12,600	6,600	7,140	13,740
68								
69 Transfer to IRRR Account	DFE		6,000	-	6,000	-	-	-
70 Gross Proceeds and Assistance Area	DFE		-	-	-	-	540	540
71 Transfer from DJJ Economic Protection Fund	DFE		-	6,600	6,600	6,600	6,600	13,200

2023 REGULAR SESSION - HF1938 CONFERENCE COMMITTEE REPORT

Stadium Finance and Reserve Changes

Note: Positive numbers = revenue gains or expenditure savings, negative numbers = revenue reduction or expenditures

	EFFECTIVE	Conference FY2023	Conference FY2024	Conference FY2025	Conference FY2024-25	Conference FY2026	Conference FY2027	Conference FY2026-27
1 Total - Stadium Finance and Reserve Changes (Revenue + Expenditures)		(26,521)	178,393	188,962	367,355	195,394	202,133	397,527
2 Revenue		366,179	148,241	158,811	307,052	165,242	171,976	337,218
3 Authorize the Balance in Stadium Reserve Balance for Stadium Bond Payoff in FY23	DFE	366,179			366,179			
4 Repeal Stadium Reserve Account (after Stadium Bond Payoff), Deposits to Gen. Fund	DFE		150,783	161,353	312,136	167,784	174,518	342,302
5 Repeal Minneapolis Advance Payment (FY16-20), Reduce Local Sales Tax Retained by the State	7/1/2023		(2,542)	(2,542)	(5,084)	(2,542)	(2,542)	(5,084)
6 Modify 297A.994 incremental MPLS sales tax retention (limit to 3% annual growth)***	7/1/2023		-	-	-	-	-	-
7								
8 Expenditures		(392,700)	30,152	30,151	60,303	30,152	30,157	60,309
9 Payoff (Prepay) U.S. Bank Stadium Bonds	DFE	(377,000)	-	-	-	-	-	-
10 Onetime Appropriation, Secure Perimeter Around Stadium	DFE	(15,700)						
11 U.S. Bank (State/Local) Debt Service Payment, Cessation, Savings to Gen. Fund	7/1/2023		30,152	30,151	60,303	30,152	30,157	60,309
12								
13 Stadium Reserve - Reference Only (Current Law - Cumulative Stadium Reserve Changes)		-	-	-	-	-	-	-
14 Current Law Balance		366,179	516,962	678,315	678,315	846,099	1,020,617	1,020,617
15 Changes to the Stadium Reserve (FY 23 Debt Pay off)		(366,179)						
16 Changes to the Stadium Reserve (Deposits To Gen. Fund)			(150,783)	(161,353)		(167,784)	(174,518)	
17 Cumulative Stadium Reserve Changes (Debt Payoff and Deposits to General Fund)			(516,962)	(678,315)	(678,315)	(846,099)	(1,020,617)	(1,020,617)

* Governor's stadium finance and stadium reserve recommendations are contained in HF 2940.

** In HF1938-3E (House omnibus tax bill), if the conditions are satisfied in Article 12, section 11, the state must reduce the local sales taxes retained by the City of Minneapolis by \$12.8 million/year and the calculation of the balance in the reserve account would also be affected.

***Limiting the City of Minneapolis' local sales tax revenue retention to 3% annual growth has no effect in FY24-FY27; forecasted retention increases by less than 3% annually for that time period. Revenue retained may be lower in FY 2028 relative to current law, with a corresponding reduction to the amount appropriated to the MN Sports Facility Authority.

2023 REGULAR SESSION - HF1938 CONFERENCE COMMITTEE REPORT

APPENDIX - INTERACTIONS SUMMARY

All Numbers in Thousands

Note: Positive numbers represent revenue gains , negative numbers or numbers in parenthesis represent revenue losses, numbers in brackets are for reference only and are not included in the total

	Effective Date	Conference FY 2024	Conference FY 2025	Conference FY2024-25	Conference FY2026	Conference FY2027	Conference FY2026-27
1 Interactions with Property Taxes - Summary		-	1,860	1,860	1,680	1,660	3,340
2							
3 Individual Income Tax		-	850	850	770	750	1,520
4 Corporate Franchise Tax		-	1,010	1,010	910	910	1,820
5							
6 Interactions with Property Taxes - Detail							
7 Individual Income Tax - Subtotal		-	850	850	770	750	1,520
8 Modify Local Government Aid (LGA)		-	360	360	360	360	720
9 Modify County Program Aid (CPA)			360	360	360	360	720
10 Modify PILT		-	40	40	50	50	100
11 Electric Generation Transition aid			10	10	20	-	20
12 Local Homeless Prevention aid 12% Tribal governments			(10)	(10)	(10)	(10)	(20)
13 Statewide Local Housing Aid			90	90	40	40	80
14 Modify Class 4D Transition Aid				-	10	10	20
15 Modify Watershed Districts Levy Authority				-	(60)	(60)	(120)
16							
17 Corporate Franchise Tax - subtotal		-	1,010	1,010	910	910	1,820
18 Modify Local Government Aid			430	430	430	430	860
19 Modify County Program Aid			430	430	430	430	860
20 Modify PILT		-	50	50	50	60	110
21 Electric Generation Transition aid		-	10	10	20	10	30
22 Local Homeless Prevention aid 12% Tribal governments			(10)	(10)	(10)	(10)	(20)
23 Statewide Local Housing Aid			100	100	50	50	100
24 Modify Watershed Districts Levy Authority		-	-	-	(60)	(60)	(120)
25							

* Note: Interactions - With changes to property tax, aids and credits, DOR Tax Research estimates assume that changes to property taxes, aids and credit will result in changes to income tax deductions, changing revenue to the general fund.