

Federal Conformity, Chapter 1 - HF 31-2E (Gomez)

Estimated Fiscal Impact to the General Fund

Note:

(1) Positive estimates = revenue gains, estimates in parenthesis = revenue reduction, bracketed numbers are not included in the total

(2) Fiscal estimates in thousands of dollars

Tax Provision	Column A	Column B	Column C	Column D	Column E	Column F	Column G
	EFFECTIVE	FY2024	FY2025	FY2024-25	FY2026	FY2027	FY2026-27
Tax Policy -Change Items - Summary							
Tax Policy - Federal Conformity - Individual Income Tax		(64,620)	(2,360)	(66,980)	(1,700)	(820)	(2,520)
Tax Policy - Federal Conformity - Corporate Tax		(33,400)	(3,100)	(36,500)	(1,640)	3,390	1,750
Total - General Fund, Tax Policy - All Change Items		(98,020)	(5,460)	(103,480)	(3,340)	2,570	(770)
INDIVIDUAL INCOME TAX							
Change Items - Federal Conformity - Detail							
*FCAA: Expansion of Section 529 Plans	TY 19	(500)	(100)	(600)	(100)	(100)	(200)
*CARES: Increase Limitation, Charitable Deduction Limit - Food Inventory to 25%	TY 20 only	(160)	10	(150)	-	-	-
*CARES: Exclusion of Certain Employer Student Loan Payments	TY 20 only	(100)	-	(100)	-	-	-
*CARES: Inclusion of Certain Over-the-Counter Medical Products as Medical Expenses	TY 20	-	(Negli.)	(Negli.)	-	-	(Negli.)
*CARES: Nonresident Income Calculation Non Conformity Adjustment	various	(4,400)	700	(3,700)	1,000	1,400	2,400
*CAA: Exclusion, Discharge of Indebtedness, Qualified Principle Residence	TY 21-25	(600)	(200)	(800)	(200)	-	(200)
*CAA: Exclusion of Benefits for Volunteer Firefighters & Emergency Medical Responders	TY 21	(1,000)	(400)	(1,400)	(400)	(400)	(800)
*CAA: Exclusion of Certain Employer Student Loan Payments	TY 21-25	(300)	(100)	(400)	(100)	-	(100)
*CAA: Partial Above the Line Deduction of Charitable Contributions	TY 21	(14,600)	-	(14,600)	-	-	-
*CAA: Increase Limitation, Charitable Contributions Deductions, 60% to 100% FAGI	TY 21	(4,400)	1,200	(3,200)	800	200	1,000
*CAA: Special disaster-related rules for use of retirement funds	TY 21-22	-	-	-	-	-	-
*CAA: Exclusion of SBA Loan Assistance	TY 21	(3,100)	(100)	(3,200)	(100)	(200)	(300)
*CAA: Exclusion of Shuttered Venue Grants	TY 21	(2,800)	(200)	(3,000)	(200)	(200)	(400)
*CAA: Accelerated Depreciation for Business Property on Indian Reservation	TY21	(90)	(Negli.)	(90)	-	-	-
*CAA: Depreciation of Certain Residential Rental Property over 30 years	TY18	(9,600)	(900)	(10,500)	(900)	(900)	(1,800)
*CAA: Special Expensing Rules for Certain Film, Television and Live Theatrical Productions	TY 21-25	(4,000)	(600)	(4,600)	300	1,200	1,500
*CAA: Energy-Efficient Commercial Building Deduction	TY 21	(620)	(200)	(820)	(200)	(200)	(400)
*CAA: Special Rule for the Production Period for Beer, Wine and Distilled Spirits	TY 21	(160)	(40)	(200)	(40)	(50)	(90)
*ARPA: Employer-Provided Dependent Care Assistance, Exclusion Increased	TY 21 only	(1,800)	-	(1,800)	-	-	-
*ARPA: Discharged Student Loans, Exclusion Provided	TY 21-25	(300)	(100)	(400)	(100)	-	(100)
*ARPA: Increase Maximum Unearned Income for Working Family Credit	TY 21	(1,400)	(500)	(1,900)	(500)	(500)	(1,000)
*ARPA: Exclusion of Economic Injury Disaster Loan (EIDL) Loan Advances	TY 21 only	(7,800)	(300)	(8,100)	(300)	(300)	(600)
*ARPA: Exclusion of Restaurant Revitalization Grants	TY 21 only	(6,600)	(200)	(6,800)	(200)	(200)	(400)

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	EFFECTIVE	FY2024	FY2025	FY2024-25	FY2026	FY2027	FY2026-27
				-			
*IIJA: Private Activity Bonds for Qualified Broadband Projects	TY22	(250)	(290)	(540)	(390)	(490)	(880)
*IIJA: Tax Exempt Bonds for Qualified Carbon Dioxide Capture Facilities	TY22	(40)	(40)	(80)	(70)	(80)	(150)
Subtotal - Change Items - Income Tax, Federal Conformity		(64,620)	(2,360)	(66,980)	(1,700)	(820)	(2,520)
CORPORATE FRANCHISE TAX							
<i>Change Items - Federal Conformity - Detail</i>							
*FCAA: Seven-Year Recovery Period for Motorsports Entertainment Complexes	TY18-20	(420)	(20)	(440)	10	20	30
*CARES: Charitable Deduction Limitation Increased for Food Inventory from 15% to 25%	TY 20 only	(70)	Negli.	(70)	-	-	-
*CAA: Exclusion of SBA Loan Assistance	TY 21	(2,700)	(100)	(2,800)	-	(100)	(100)
*CAA: Exclusion of Shuttered Venue Grants	TY 21	(2,800)	(200)	(3,000)	(200)	(200)	(400)
*CAA: Seven-Year Recovery Period for Motorsports Entertainment Complexes	TY 21-25	(300)	(110)	(410)	(70)	(30)	(100)
*CAA: Accelerated Depreciation for Business Property on Indian Reservation	TY 21	(70)	-	(70)	-	-	-
*CAA: Depreciation of Certain Residential Rental Property over 30 years	Retro TY18	(4,800)	(400)	(5,200)	(400)	(400)	(800)
*CAA: Special Expensing Rules- Certain Film, Television and Live Theatrical Productions	TY 21-25	(4,600)	(700)	(5,300)	400	1,400	1,800
*CAA: Energy-Efficient Commercial Building Deduction	TY 21	(1,000)	(320)	(1,320)	(320)	(320)	(640)
*CAA: Special Rule for the Production Period for Beer, Wine and Distilled Spirits	TY 21	(260)	(70)	(330)	(70)	(80)	(150)
*CAA: Special Disaster-Related Rules	TY 21-22	(80)	20	(60)	10	-	10
*ARPA: Exclusion of EIDL Loan Advances	TY 21 only	(7,600)	(300)	(7,900)	(200)	(200)	(400)
*ARPA: Exclusion of Restaurant Revitalization Grants	TY 21 only	(6,200)	(200)	(6,400)	(200)	(200)	(400)
*ARPA: Worldwide Interest Allocation Rules, Repeal	TY21	Unknown	Unknown	Unknown	Unknown	Unknown	Unknown
*ARPA: Deny Deduction for Highly Compensated Executives	TY27	-	-	-	-	4,000	4,000
*IIJA: Tax Treatment of Contributions to the Capital of a Corporation Modified	TY21	(2,500)	(700)	(3,200)	(600)	(500)	(1,100)
Subtotal - Change Items - Corporate Franchise Tax, Federal Conformity		(33,400)	(3,100)	(36,500)	(1,640)	3,390	1,750

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(2) Fiscal estimates in thousands of dollars

Tax Provision	Column A	Column B	Column C	Column D	Column E	Column F	Column G
	EFFECTIVE	FY2024	FY2025	FY2024-25	FY2026	FY2027	FY2026-27
Change Item by Federal Tax Act and Tax Type Summary							
1. FCCA - Further Consolidated Appropriations Act, 2020				-			
Income Tax Corporate Tax		(500)	(100)	(600)	(100)	(100)	(200)
Corporate Franchise Tax		(420)	(20)	(440)	10	20	30
Total - FCCA		(920)	(120)	(1,040)	(90)	(80)	(170)
2. CARES Act							
Income Tax Corporate Tax		(4,660)	710	(3,950)	1,000	1,400	2,400
Corporate Franchise Tax		(70)	-	(70)	-	-	-
Total - CARES Act		(4,730)	710	(4,020)	1,000	1,400	2,400
3. CAA - Consolidated Appropriations Act							
Income Tax Corporate Tax		(41,270)	(1,540)	(42,810)	(1,040)	(550)	(1,590)
Corporate Franchise Tax		(16,610)	(1,880)	(18,490)	(650)	270	(380)
Total - CAA Act		(57,880)	(3,420)	(61,300)	(1,690)	(280)	(1,970)
4. ARPA - American Rescue Plan							
Income Tax Corporate Tax		(17,900)	(1,100)	(19,000)	(1,100)	(1,000)	(2,100)
Corporate Franchise Tax		(13,800)	(500)	(14,300)	(400)	3,600	3,200
Total - ARPA Act		(31,700)	(1,600)	(33,300)	(1,500)	2,600	1,100
5. IIJA - Infrastructure Investment and Jobs Act							
Income Tax Corporate Tax		(290)	(330)	(620)	(460)	(570)	(1,030)
Corporate Franchise Tax		(2,500)	(700)	(3,200)	(600)	(500)	(1,100)
Total - IIJA Act		(2,790)	(1,030)	(3,820)	(1,060)	(1,070)	(2,130)
				-			-
Total - All Federal Conformity Acts		(98,020)	(5,460)	(103,480)	(3,340)	2,570	(770)

*Federal Conformity Act Acronyms:

- FCAA: Further Consolidated Appropriations Act (Public law 11-94)
- CARES: Coronavirus, Aid, Relief and Security Act (Public Law 116-127)
- CAA: Consolidated Appropriations Act (Public Law 116-260)
- ARPA: American Rescue Plan (Public Law 117-2)
- IIJA: Infrastructure, Investment and Jobs Act (Public Law - 117-58)
- IRA: Inflation Reduction Act of 2022 (Public Law 117-58)

Commonly used spreadsheet acronyms:

- "Negli." denotes negligible cost/savings of plus or minus \$5,000
- "Nov-22" denotes current law estimates based on MMB's November 2022 Forecast
- ^^ The estimates in brackets "[]" are not included in the total.
- "DFE" denotes a provision is effective day following enactment
- "DOR" Minnesota Department of Revenue