

# 2024 REGULAR SESSION - HF 5247 CONFERENCE COMMITTEE REPORT (ARTICLES 68-71)

## FEBRUARY 2024 FORECAST

\$\$\$ in thousands | Tax Revenues & Non-General Fund Items: Negative # = Revenue Reduction | Property Tax, Aids & Credits: Negative # = Spending Reduction

| LINE                              | ITEM   | EFFECTIVE DATE | CONFERENCE |              |              |                |                |                 |
|-----------------------------------|--|----------------|------------|--------------|--------------|----------------|----------------|-----------------|
|                                   |  |                | FY 2024    | FY 2025      | FY 2024-25   | FY 2026        | FY 2027        | FY 2026-27      |
| <b>GENERAL FUND TAX REVENUES:</b> |  |                |            |              |              |                |                |                 |
| <b>INDIVIDUAL INCOME TAX</b>      |  |                |            |              |              |                |                |                 |
| 1                                 | Child Tax Credit - Minimum Credit Establishment                              | TY 25          |            |              |              | (5,400)        | (5,500)        | (10,900)        |
| 2                                 | <i>Interaction - Taconite Homestead Credit Increase (deduction decrease)</i> | Pay 25         | -          | -            | -            | 40             | 40             | 80              |
| 3                                 | <b>SUBTOTAL: INDIVIDUAL INCOME TAX</b>                                       |                | -          | -            | -            | <b>(5,360)</b> | <b>(5,460)</b> | <b>(10,820)</b> |
| <b>SALES &amp; USE TAXES</b>      |  |                |            |              |              |                |                |                 |
| 6                                 | Moist Snuff Definition Change - Demand Elasticity Effect                     | 7/1/2024       | -          | (500)        | (500)        | (590)          | (650)          | (1,240)         |
| 7                                 | <b>SUBTOTAL: SALES &amp; USE TAXES</b>                                       |                | -          | <b>(500)</b> | <b>(500)</b> | <b>(590)</b>   | <b>(650)</b>   | <b>(1,240)</b>  |
| <b>OTHER TAXES</b>                |  |                |            |              |              |                |                |                 |
| 10                                | Moist Snuff Definition Change - Tobacco Products Excise Tax Revenue          | 7/1/2024       | -          | 2,930        | 2,930        | 3,510          | 3,860          | 7,370           |
| 11                                | <b>SUBTOTAL: OTHER TAXES</b>   |                | -          | <b>2,930</b> | <b>2,930</b> | <b>3,510</b>   | <b>3,860</b>   | <b>7,370</b>    |
| 13                                | <b>TOTAL: TAX REVENUE/TAX POLICY</b>   |                | -          | <b>2,430</b> | <b>2,430</b> | <b>(2,440)</b> | <b>(2,250)</b> | <b>(4,690)</b>  |

|  |   |          |   |              |              |              |              |                |
|--|---|----------|---|--------------|--------------|--------------|--------------|----------------|
| <b>GENERAL FUND PROPERTY TAX AIDS &amp; CREDITS:</b> |   |          |   |              |              |              |              |                |
| <b>HOMESTEAD PROPERTY TAX REFUNDS</b>                |   |          |   |              |              |              |              |                |
| 18   | <i>Interaction - Taconite Homestead Credit Increase</i> | Pay 25   | - | -            | -            | (850)        | (850)        | (1,700)        |
| 19   | <b>SUBTOTAL: HOMESTEAD PROPERTY TAX REFUNDS</b>         |          | - | -            | -            | <b>(850)</b> | <b>(850)</b> | <b>(1,700)</b> |
| <b>DIRECT APPROPRIATIONS</b>                         |   |          |   |              |              |              |              |                |
| 22   | Dept. of Revenue - Tax Credit Outreach Grants           | 7/1/2024 | - | 1,000        | 1,000        | 500          | 500          | 1,000          |
| 23   | Dept. of Revenue - Taxpayer Assistance Grants           | 7/1/2024 |   | 1,000        | 1,000        | 500          | 500          | 1,000          |
| 24   | Dept. of Revenue - Act Administration <sup>1</sup>      | 7/1/2024 | - | 4,000        | 4,000        | -            | -            | -              |
| 25   | <b>SUBTOTAL: DIRECT APPROPRIATIONS</b>                  |          | - | <b>6,000</b> | <b>6,000</b> | <b>1,000</b> | <b>1,000</b> | <b>2,000</b>   |

# 2024 REGULAR SESSION - HF 5247 CONFERENCE COMMITTEE REPORT (ARTICLES 68-71)

## FEBRUARY 2024 FORECAST

\$\$\$ in thousands | Tax Revenues & Non-General Fund Items: Negative # = Revenue Reduction | Property Tax, Aids & Credits: Negative # = Spending Reduction

| LINE  | ITEM  | EFFECTIVE DATE    | CONFERENCE |                |                |                |                |                 |
|---|---|-------------------|------------|----------------|----------------|----------------|----------------|-----------------|
|   |   |                   | FY 2024    | FY 2025        | FY 2024-25     | FY 2026        | FY 2027        | FY 2026-27      |
| <b>OTHER CHANGES</b>                        |   |                   |            |                |                |                |                |                 |
| 28  | Property Tax Forfeiture - Purchase of Mineral Interests (Open Appropriation)        | Forfeitures after | -          | 125            | 125            | 125            | 125            | 250             |
| 29  | Property Tax Forfeiture - Payment of Minerals Interests Claims (Open Appropriation) | 12/31/23          | -          | 2,100          | 2,100          | 2,100          | 2,100          | 4,200           |
| 30  | Property Tax Forfeiture - Housing Support Fund                                      | DFE               | -          | 450            | 450            | 450            | 450            | 900             |
| 31  | Dept. of Natural Resources - Property Tax Forfeiture                                | 7/1/2024          | -          | 1,537          | 1,537          | 1,537          | 1,537          | 3,074           |
| 32  | <b>SUBTOTAL: OTHER CHANGES</b>  |                   | -          | <b>4,212</b>   | <b>4,212</b>   | <b>4,212</b>   | <b>4,212</b>   | <b>8,424</b>    |
| 34  | <b>TOTAL: TAX AIDS AND CREDITS</b>  |                   | -          | <b>10,212</b>  | <b>10,212</b>  | <b>4,362</b>   | <b>4,362</b>   | <b>8,724</b>    |
| 36  | <b>GENERAL FUND TOTAL: TAX POLICY, TAX AIDS &amp; CREDITS</b>                       |                   |            | <b>(7,782)</b> | <b>(7,782)</b> | <b>(6,802)</b> | <b>(6,612)</b> | <b>(13,414)</b> |
| <b>NON-GENERAL FUND ITEMS</b>               |   |                   |            |                |                |                |                |                 |
| <b>SPECIAL REVENUE FUND</b>                 |   |                   |            |                |                |                |                |                 |
| 41  | Housing Support Account - Transfer In   | DFE               | -          | 450            | 450            | 450            | 450            | 900             |
| <b>LEGACY FUNDS</b>                         |   |                   |            |                |                |                |                |                 |
| 44  | Moist Snuff Definition Change - Demand Elasticity Effect                            | 7/1/2024          | -          | (30)           | (30)           | (30)           | (40)           | (70)            |
| <b>TACONITE ECONOMIC DEVELOPMENT FUND</b>   |   |                   |            |                |                |                |                |                 |
| 47  | Transfer to City of Chisholm - David Tomassoni Bridge of Peace                      | DFE               | -          | (300)          | (300)          | -              | -              | -               |
| <b>TACONITE PROPERTY TAX RELIEF ACCOUNT</b> |   |                   |            |                |                |                |                |                 |
| 50  | Taconite Homestead Credit Increase  | Pay 25            | -          | (3,520)        | (3,520)        | (7,050)        | (7,050)        | (14,100)        |
| <b>TACONITE MUNICIPAL AID ACCOUNT</b>       |   |                   |            |                |                |                |                |                 |
| 53  | Increase Distribution to Range Association of Municipalities & Schools              | Distribution 24   | -          | (98)           | (98)           | (65)           | (66)           | (131)           |

# 2024 REGULAR SESSION - HF 5247 CONFERENCE COMMITTEE REPORT (ARTICLES 68-71)

## FEBRUARY 2024 FORECAST

\$\$\$ in thousands | Tax Revenues & Non-General Fund Items: Negative # = Revenue Reduction | Property Tax, Aids & Credits: Negative # = Spending Reduction

| LINE      | ITEM  | EFFECTIVE DATE  | CONFERENCE |                |                |                 |                 |                 |
|-----------|---|-----------------|------------|----------------|----------------|-----------------|-----------------|-----------------|
|           |   |                 | FY 2024    | FY 2025        | FY 2024-25     | FY 2026         | FY 2027         | FY 2026-27      |
|           | <b>RANGE ASSOCIATION OF MUNICIPALITIES AND SCHOOLS</b>  |                 |            |                |                |                 |                 |                 |
| 56        | Increase Distribution to Range Association of Municipalities & Schools                            | Distribution 24 | -          | 98             | 98             | 65              | 66              | 131             |
|           | <b>TACONITE ENVIRONMENTAL PROTECTION FUND</b>   |                 |            |                |                |                 |                 |                 |
| 59        | Increased Production Tax Distribution to Iron Range Schools & Comm. Develop. Account <sup>2</sup> | Distribution 24 | -          | (4,900)        | (4,900)        | (3,270)         | (3,270)         | (6,540)         |
|           | <b>DOUGLAS J JOHNSON ECONOMIC PROTECTION FUND</b>   |                 |            |                |                |                 |                 |                 |
| 62        | Increased Production Tax Distribution to Iron Range Schools & Comm. Develop. Account <sup>2</sup> | Distribution 24 | -          | (2,450)        | (2,450)        | (1,630)         | (1,630)         | (3,260)         |
|           | <b>IRON RANGE SCHOOLS &amp; COMMUNITY DEVELOPMENT ACCOUNT<sup>3</sup></b>                         |                 |            |                |                |                 |                 |                 |
| 65        | Increased Production Tax Distribution to Iron Range Schools & Comm. Develop. Account <sup>2</sup> | Distribution 24 | -          | 7,350          | 7,350          | 4,900           | 4,900           | 9,800           |
| 66        | 2024 Production Tax Revenue Bonds Debt Service <sup>4</sup>                                       | DFE             | -          | -              | -              | (3,900)         | (3,900)         | (7,800)         |
| 67        | 2025 Production Tax Revenue Bonds Debt Service <sup>4</sup>                                       | DFE             | -          | -              | -              | -               | (2,400)         | (2,400)         |
| 68        | <b>SUBTOTAL: IRON RANGE SCHOOLS &amp; COMMUNITY DEVELOPMENT ACCOUNT</b>                           |                 | -          | <b>7,350</b>   | <b>7,350</b>   | <b>1,000</b>    | <b>(1,400)</b>  | <b>(400)</b>    |
| <b>70</b> | <b>NON-GENERAL FUND TOTAL: ALL FUNDS</b>  |                 | -          | <b>(3,400)</b> | <b>(3,400)</b> | <b>(10,530)</b> | <b>(12,940)</b> | <b>(23,470)</b> |

1 - Appropriation available until June 30, 2027.

2 - The production tax distribution to the Iron Range Schools & Community Development Account increases from 10cpt to 24cpt from Distribution Year 2024 through Distribution Year 2032.

3 - Account formerly known as the Iron Range School Consolidation & Cooperatively Operated School Account.

4 - The Revenue Bonds Debt Service is expected to have a fiscal impact of 20 years.