

Senate Offer #1

5/13/23

4:30 PM

		Senate Offer (5/13)	
LINE	ITEM	FY 2024-25	FY 2026-27
1	TAX POLICY ITEMS		
2			
3	Revenue Increases		
4	Fed. Conformity: Limitation on Excess Business Losses (ARPA)	-	69,000
5	Fed. Conformity: Extend Limitation on Excess Business Losses (IRA)	-	21,400
6	Fed. Conformity: Modify Nonresident Adjustment Calculation (Ch. 1, 2023 Session)	3,700	(2,400)
7	Fed. Conformity: Secure Act 2.0 - Def. Sales, Stock to An Empl. Stock Ownership Plan	-	-
8	Fed. Conformity: Secure Act 2.0 - Retirement Account Withdrawals Emergency Exp.	(1,300)	(2,600)
9	Fed. Conformity: Secure Act 2.0 - Simplified Employee Pension Plans	(200)	(200)
10	Fed. Conformity: Secure Act 2.0 - Distributions 529 Plans to a Roth IRAs	(1,200)	(2,500)
11	Fed. Conformity: Secure Act 2.0 - Qualified Charitable Contrib. from IRA	(1,500)	(2,200)
12	Fed. Conformity: Secure Act 2.0 - Exclusion, First Responder Retirement Benefits	-	-
13	Fed. Conformity: Secure Act 2.0 - Distributions from IRA for Federal Disasters	(1,400)	-
14	Fed. Conformity: Secure Act 2.0 - Limit Deduction for Charitable Conserv. Easements	7,500	4,700
15	Federal Conformity - GILTI	237,900	427,700
16	Standard/Itemized Deduction Phaseout Modifications (10% above \$300k)	354,000	385,400
17	Reduced Deductions for Dividends Received (50%/65%)	43,600	69,000
18	Net Investment Income Tax (.9% above \$1m, excl. ag land sale gains, effective TY25)	-	157,100
19	TOTAL REVENUE INCREASES	641,100	1,124,400
20			
21	Individual Income Tax		
22	Child Tax Credit @ \$1,100/child under 6, \$900/child age 6-17, phaseout 10% at \$40k/\$20k/\$26.7	(751,600)	(799,900)
23	Onetime Advance Refundable Credit (\$250 single, \$500 married, +\$250/child up to 3, max \$1,250)	(1,133,200)	-
24	Social Security Subtraction, 100% subtraction, FAGI below \$100K, \$140K phaseout	(496,200)	(576,800)
25	Public Pension Subtraction, \$25K Max. Subtraction for MJ Filer with FAGI below \$100K	(82,400)	(81,800)
26	-Interaction - Social Security & Public Pension	2,000	2,000
27	Renter's Income Tax Credit (NET of Credit and Repealed Refund)	(378,600)	(275,500)
28	Child and Dependent Care Credit - Newborn Credit for Unmarried Filers	(3,200)	(3,200)
29	K-12 Education Credit Modifications (Senate position)	(24,800)	(26,300)
30	-Interaction - K-12 Subtraction	2,000	2,100
31	Angel Tax Credit Reinstatement (\$10m/year)	(20,000)	(20,000)
32	Working Family Credit expansion for ITIN filers	(19,800)	(20,600)
33	Political Contribution Refund Increase (to \$75 single /\$150 married)	(2,100)	(4,900)
34	New Markets Tax Credit	-	(1,800)
35	Beginning Farmer Tax Credit	(8,000)	(8,000)
36	Short Line Railroad Construction Credit (\$3k/mile)	(2,800)	(2,800)
37	Manufactured Home Park Credit to cooperatives	(730)	(830)
38	Modify Film Production Credit	(18,600)	(25,700)
39	Modify Student Loan Credit (House position)	(45,400)	(59,000)
40	Modify Definition of Resident Trust	-	(18,800)
41	Nonresident income modifications	-	(2,500)
42	Subtraction, Certain Sexual Harassment/Abuse Settlements	(200)	(200)
43	Modify Military Tax Credit	(200)	-
44	Subtraction, Unemployment Compensation Received by Teenagers	(10)	-
45	Pass-through Entity Modification	(Unknown)	(Unknown)
46	-Interactions with LGA (ESTIMATED)	180	360
47	-Interactions with CPA (ESTIMATED)	180	360
48	-Interactions with PILT Modifications	40	100
49	-Interactions with Electric Utility Transition Aid	10	20
50			
51	Corporate Franchise Tax		
52	Historic Rehabilitation Tax Credit Reinstatement	(3,800)	(22,800)
53	-Interactions with LGA (ESTIMATED)	180	360
54	-Interactions with CPA (ESTIMATED)	180	360
55	-Interactions with PILT Modifications	40	110
56	-Interactions with Electric Utility Transition Aid	10	30
57			
58	Sales Tax Exemptions - Local Government Construction Projects (Senate 5/12 Offer)		
59	Construction materials exemption mod. - Mazeppa fire-damaged building	(20)	-
60	Construction materials exemption mod. - North Metro Range	(290)	-
61	Construction materials exemption - Beltrami County	-	(1,940)
62	Construction materials exemption - City of Chanhassen	(260)	(520)
63	Construction materials exemption - Chisholm public schools	(840)	-
64	Construction materials exemption - Duluth public schools	(510)	-

65	Construction materials exemption - Edina Community Health and Safety Center	-	(910)
66	Construction materials exemption - Ely public schools	(360)	-
67	Construction materials exemption - Grand Rapids IRA Civic Center	(520)	-
68	Construction materials exemption - Hibbing public schools	(260)	-
69	Construction materials exemption - Itasca County	(300)	(150)
70	Construction materials exemption - MSP Airport	(17,230)	(2,490)
71	Construction materials exemption - City of Moorhead	(240)	(480)
72	Construction materials exemption - Nashwauk-Keewatin public schools	(1,240)	-
73	Construction materials exemption - Northern Lights Academy	(320)	-
74	Construction materials exemption - Northland learning center	(380)	-
75	Construction materials exemption - City of Oakdale	(250)	(500)
76	Construction materials exemption - City of Ramsey	(700)	(700)
77	Construction materials exemption - Red Lake County School District	(400)	-
78	Construction materials exemption - Red Rock Central School District	(1,060)	-
79	Construction materials exemption - Rock Ridge Public Schools	(3,050)	-
80	Construction materials exemption - City of Spring Grove	(130)	-
81	Construction materials exemption - Springfield School District	(740)	-
82	Construction materials exemption - City of Wayzata	(1,080)	-
83	Construction materials exemption - Woodbury Central Park	(520)	(520)
84			
85	<u>Sales Tax Exemptions - Other Exemptions (Senate 5/12 Offer)</u>		
86	County fair exemption expansion	(60)	(60)
87	Expanded exemption, baby products	(3,400)	(3,700)
88	Firearm storage units exemption	(40)	(40)
89	Fiber and conduit for broadband exemption	(4,400)	(4,650)
90	Exemption, Disregarded Single Member Entities	(1,470)	(1,670)
91	Exemption for amenities included with admission to athletic events	(1,010)	(730)
92	Exemption for sales to nonprofit blood centers	(1,700)	(600)
93	Snowmobile club exemption expansion	(110)	(120)
94	Retroactive and ongoing exemption for natural gas fees	(9,490)	(4,140)
95			
96	<u>Other Revenue Changes</u>		
97	Repeal \$50 Fee for Payment Agreement Plan	(3,000)	(3,000)
98	Minerals Article Net Revenue (Gross Proceeds Tax)	-	1,400
99			
100	SUBTOTAL: TAX POLICY ITEMS	(2,401,100)	(846,750)
101			
102	<u>EXPENDITURE ITEMS</u>		
103	Onetime Public Safety Aid	300,000	
104	Onetime Tribal Aid	44,000	
105	LGA/CPA Increases (\$69.876m in Pay 24, \$74.841m in Pay 25, \$74.842m in Pay 26)	139,752	299,366
106	Mahnomen Property Tax Reimbursement Aid	160	320
107	SWCD Aid (\$16m/year)	32,000	32,000
108	Property Tax Refund eligibility expansion for ITIN filers	2,000	6,000
109	Classification change for solar energy systems	-	(Negligible)
110	Property tax exemption for Indian tribal owned property in Minneapolis (incl. CI levy reduction)	10	Negligible
111	Saint Ann's senior residence exemption	10	20
112	Energy storage systems exemption	-	40
113	Green Acres deferment modification for certain property	-	Negligible
114	Disabled veteran market value exclusion increase	(290)	(650)
115	Spousal benefit mod. for disabled veterans' homestead market value exclusion	(Negligible)	(Negligible)
116	Grant for City of Spring Grove - fire recovery	250	-
117	Morton and Echo Aid Forgiveness (FY23 Appropriations)	125	-
118	Repeal Utility Valuation Transition Aid	(17)	(37)
119	Local Election Expense Reimbursement	20,000	20,000
120	Payment in lieu of Taxes Modifications (House Position)	9,300	21,200
121	Class 4d - PTR Interaction (net includes income tax interaction)	-	5,260
122	Class 4d Transition Aid	-	1,160
123	Windom Relief	14,000	-
124	City of Crane Lake Debt Service Relief	1,220	-
125	Modifying definition of attachments and appurtenances for coop utility lines	-	60
126	Electric Utility Transition Aid	2,120	4,850
127	Solid Waste Tax Distribution to SCORE Grants (10% FY24, 20% FY25, 30% FY26 onward)	34,600	72,700
128	Targeting PTR - Reduce threshold from 12% to 10% incrs property tax, max refund increase from \$1	1,900	4,700
129	Agricultural homesteads, first tier valuation increase	-	1,280
130	Class 1c homestead resorts tier limit incrs; <\$850K/ \$850K to \$3.1M/ >\$3.1M	-	20
131	Homestead Market Value Exclusion changes \$95,000 threshold, maximum exclusion \$38,000, max	-	(12,160)
132	Senior citizens' property tax deferral requirements: lower occupancy requirement to 5 years, incre	260	1,290
133	Watershed Districts Levy Authority Interactions (PTR and income, net)	-	920
134			
135	<u>Property Tax Refund Interactions</u>		

136	-Interactions with LGA (ESTIMATED)	(1,090)	(2,180)
137	-Interactions with CPA (ESTIMATED)	(1,090)	(2,180)
138	-Interactions with PILT Modifications	(250)	(580)
139	-Interactions with Electric Utility Transition Aid	(70)	(150)
140			
141	SUBTOTAL: EXPENDITURE ITEMS	598,900	453,249
152			
153	TOTAL	3,000,000	1,299,999
154			

General Fund Effects Only

\$'s in Thousands

Positive dollar amount indicate revenue gain or cost savings. Negative dollar amounts indicate revenue loss or expenditure.