



**INDIVIDUAL INCOME TAX  
PROPERTY TAX  
LOCAL SALES TAX  
Corrections Bill**

February 12, 2024

	<b>Yes</b>	<b>No</b>
<b>DOR Administrative Costs/Savings</b>		<b>X</b>

Department of Revenue

Analysis of H.F. 2757 (Gomez) As Proposed to be Amended (H2757DE3 with H2757A1 amendment)

	<b>Fund Impact</b>			
	<b><u>F.Y. 2024</u></b>	<b><u>F.Y. 2025</u></b>	<b><u>F.Y. 2026</u></b>	<b><u>F.Y. 2027</u></b>
		(000's)		
General Fund	\$0	\$0	\$0	\$0

The standard deduction provisions are effective retroactively beginning tax year 2023.  
The housing aid provisions are effective beginning with aids payable in calendar year 2024.  
The sales tax provisions are effective retroactively from November 7, 2023.

**EXPLANATION OF THE BILL**

***Standard Deduction Indexing***

The 2023 tax bill (Session Laws 2023, Chapter 64) modified the phase-out of the standard deduction and reset the statutory year for the phase-out thresholds to 2023. However, that statutory year inadvertently applies to the standard deduction, the additional amounts for elderly and blind taxpayers, and the dependent standard deduction amounts, which are in the same section (M.S. 290.0123). Those amounts were previously indexed using a statutory year of 2019. Applying a statutory year of 2023 would reduce the amounts beginning in tax year 2024.

The bill would reset the amounts to tax year 2023 levels to be consistent with the 2023 statutory year.

For 2023, the standard deduction amount would be \$27,650 for married joint or surviving spouse filers, \$20,800 for head of household filers, and \$13,825 for all other filers.

The additional amount for seniors or blind taxpayers would be \$1,450, or \$1,850 for a taxpayer who is not married or a surviving spouse.

The dependent standard deduction amount would be limited to the greater of \$1,200 or the individual's earned income plus \$350.

Those amounts would be adjusted for inflation beginning in tax year 2024.

***Housing Aid Payments***

Under current law, the state pays counties, cites, and seven tribes annual statewide local housing aid. The aid is certified by August 1 and paid the following year in equal installments on July 20 and December 26.

The bill would expand the number of eligible tribes from seven to eleven. It would also change the certification and payment schedule for tribes so that aid would be certified and paid in the same year.

## **EXPLANATION OF THE BILL (Cont.)**

Aid to tribes would be certified by August 1 and paid in one installment by December 27. There would be no change in the aid payment schedule for counties and cities.

### ***Beltrami Local Sales Tax***

Under current law Beltrami County is authorized to impose a 0.625% sales and use tax if approved by the voters at a general election.

The bill would allow Beltrami County to impose a 0.625% sales and use tax if approved by the voters at an election held on November 7, 2023.

## **REVENUE ANALYSIS DETAIL**

### ***Standard Deduction Indexing***

- The bill would have no revenue impact since it is consistent with the standard deduction amounts assumed in the November 2023 forecast.

### ***Housing Aid Payments***

- The bill would have no effect on the state general fund. The total amount of aid paid to tribes would not change and aid would be paid in the same fiscal years.

### ***Beltrami Local Sales Tax***

- The bill would have no impact on state taxes.

Minnesota Department of Revenue  
Tax Research Division  
<https://www.revenue.state.mn.us/revenue-analyses>