

Bill Comparison Summary of House File 1938, Third Engrossment / House File 1938, First Unofficial Engrossment

Prepared by:

House Research Department and Senate Counsel, Research and Fiscal Analysis

May 5, 2023

Table of Contents

HOUSE Article 1: Individual Income and Corporate Franchise Taxes.....	3
SENATE Article 1: Income and Corporate Franchise Taxes.....	3
HOUSE Article 2: Conformity	21
SENATE Article 2: Federal Conformity	21
HOUSE Article 3: Property Taxes	22
SENATE Article 3: Property Tax.....	22
HOUSE Article 4: Property Tax Aids, Credits, and Refunds.....	29
SENATE Article 4: Property Tax Aids	29
HOUSE Article 5: Sales and Use Taxes	37
SENATE Article 5: Sales and Use Taxes	37
HOUSE Article 6: Minerals Taxes	47
SENATE Article 6: Minerals	47
HOUSE Article 7: Renter’s Credit	49
HOUSE Article 8: Tax Increment Financing	53
SENATE Article 7: Tax Increment Financing.....	53
SENATE Article 8: Office of the State Auditor: Tax Increment Financing General Law Changes ...	62
SENATE Article 9: Local Sales and Use Taxes	65
HOUSE Article 9: Local Taxes	76
SENATE Article 10: Local Special Taxes.....	76
HOUSE Article 10: Public Finance	77
SENATE Article 11: Public Finance	77
HOUSE Article 11: Purpose Statements.....	79
SENATE Article 12: Stadium Reserve	80
HOUSE Article 12: Miscellaneous	81
SENATE Article 13: Miscellaneous	81
HOUSE Article 13: Department of Revenue Policy and Technical: Income and Corporate Franchise	91
SENATE Article 14: Department of Revenue Policy and Technical: Income and Corporate Franchise	91
HOUSE Article 14: Department of Revenue Policy and Technical: Fire and Police State Aids.....	92
SENATE Article 15: Department of Revenue Policy and Technical: Fire and Police State Aids.....	92
HOUSE Article 15: Department of Revenue Policy and Technical: Data Practices.....	97
SENATE Article 16: Department of Revenue Policy and Technical: Data Practices.....	97

HOUSE Article 16: Department of Revenue Policy and Technical: Miscellaneous..... 98
SENATE Article 17: Department of Revenue Policy and Technical: Miscellaneous..... 98
HOUSE Article 17: Grants Management 99
SENATE Article 18: Grants Management 99

Comparison Summary of H.F. 1938 – House (H1938-3) / Senate (UEH1938-1)

Section	HOUSE Article 1: Individual Income and Corporate Franchise Taxes	SENATE Article 1: Income and Corporate Franchise Taxes
1	<p>General. Updates a cross-reference to the working family credit to reflect the credit’s inclusion of a child credit component.</p> <p>Effective date: Tax year 2023 and later.</p>	No comparable provision.
	No comparable provision.	<p>Section 1. New markets tax credit. Adds language in the data practices chapter to require that disclosure of information regarding issuance of credit certificates is governed under provisions created in a later section.</p> <p>Effective date: Day following final enactment.</p>
2	<p>Definitions. Defines an “underserved farmer or rancher” as a veteran, limited resource producer, or individual living in a high poverty area, as those terms are defined by the United States Department of Agriculture. Also makes conforming changes to the prohibition on sales between spouses and family members due to the changes in section 3.</p> <p>Effective date: Tax year 2023 and later.</p>	<p>Section 2. Different. Only makes conforming changes to the prohibition on sales between spouses and family members due to the changes in section 3.</p> <p>Effective date: Tax year 2023 and later.</p>
3	<p>Tax credit for owners of agricultural assets. Increases the credit rate for land sales from five percent to eight percent (or 12 percent for underserved farmers or ranchers) and increases the maximum credit for these sales from \$32,000 to \$50,000. Also allows sales of land to a spouse or family member (brother, sister, ancestor, or lineal descendant) to qualify for the credit.</p> <p>Effective date: Tax year 2023 and later.</p>	<p>Section 3. Different. Senate also increases the credit rate for land sales from five percent to eight percent (or 12 percent for socially disadvantaged farmers or ranchers) and increases the maximum credit for these sales from \$32,000 to \$50,000 and allows sales of land to a spouse or family member (brother, sister, ancestor, or lineal descendant) to qualify for the credit.</p> <p>Defines “socially disadvantaged farmer or rancher” as a member of one the following groups, as determined by the United States Department of Agriculture: American Indians or Alaskan Natives, Asians or Asian–Americans, Blacks or African Americans, Native Hawaiians or other Pacific Islanders, or Hispanics.</p> <p>Effective date: Tax year 2023 and later.</p>
4	<p>Authority; duties. Creates a priority allocation for newly allocated credits, for underserved farmers or ranchers. Also makes a technical change to current law to accurately reference the ultimate priority for recertifications of the multiyear credit for rentals. In addition, a conforming change is made due to the sunset date changes in section 5.</p> <p>Effective date: Tax year 2023 and later.</p>	<p>Section 4. Authority duties. Different. Strikes obsolete language and allocates \$6.5 million for tax year 2023 and \$4 million per taxable year after 2023 for the credit for owners of agricultural assets. Provides that any unallocated credits for taxable years ending before January 1, 2023, are canceled.</p> <p>Effective date: Tax year 2023 and later.</p>
5	<p>Sunset. Extends the sunset date from tax year 2024 to tax year 2031.</p> <p>Effective date: Day following final enactment.</p>	<p>Section 50. Repealer. Different. Senate repeals the sunset of the credit.</p> <p>Effective date: Day following final enactment.</p>
	No comparable provision.	<p>Section 5. Report to Legislature. Strikes obsolete language and requires the report required under current law to be provided by February 1, 2024. Adds a requirement that the report include, for the period 2017 through 2023, the number of beginning farmers by race and ethnicity, as those terms were</p>

Comparison Summary of H.F. 1938 – House (H1938-3) / Senate (UEH1938-1)

Section	HOUSE Article 1: Individual Income and Corporate Franchise Taxes	SENATE Article 1: Income and Corporate Franchise Taxes
		<p>applied in the 2020 census, and, to the extent available, the number of beginning farmers who are members of a socially disadvantaged group. Effective the day following final enactment.</p> <p>Effective date: Day following final enactment.</p>
	No comparable provision.	<p>Section 6. Classification and release of data on individuals. Allows the commissioner of DEED to release data to the Department of Revenue on individuals to the extent required to administer the credit.</p> <p>Effective date: Day following final enactment.</p>
	No comparable provision.	<p>Section 7. Credit allowed. Allocates \$5 million for the angel investment credit for taxable years beginning after December 31, 2022, and before January 1, 2027.</p> <p>Effective date: Tax year 2023 and later.</p>
		<p>Section 8. Sunset. Extends the reporting requirements and revocation provisions for the angel investment credit under current law consistent with the extension of the credit in section 7.</p> <p>Effective date: Day following final enactment.</p>
6	<p>Definitions. Modifies the definition of “film project” to allow the \$1,000,000 expenditure threshold to apply in any 12-month period instead of a taxable year.</p> <p>Effective date: Tax year 2023 and later.</p>	<p>Section 9. Definitions. Same.</p>
7	<p>Applications; allocations. Increases the annual allocation from \$4,950,000 per year to \$24,950,000 per year and makes a conforming change due to the effective date change in section 8, except that the combined allocation for fiscal years 2024 and 2025 may not exceed \$14.04 million of the February 2023 forecast base.</p> <p>Effective date: Tax year 2023 and later.</p>	<p>Section 10. Applications; allocations. Different. Increases the annual allocation for the film production credit from \$4.95 million to \$9.95 million annually, except that the combined allocation for fiscal years 2024 and 2025 may not exceed \$5.8 million of the February 2023 forecast base, and that the combined allocation for fiscal years 2026 and 2027 may not exceed \$6.6 million of the February 2023 forecast base. Provides that any unallocated credits for taxable years ending before January 1, 2023, are canceled. Extends the sunset date of the credit to taxable year 2032.</p> <p>Effective date: Tax year 2023 and later.</p>
8	<p>Expiration. Moves the sunset date from tax year 2025 to tax year 2032.</p> <p>Effective date: Tax year 2023 and later.</p>	<p>Section 11. Expiration. Same.</p>
	No comparable provision.	<p>Section 12. New markets tax credit.</p> <p>Subd. 1. Definitions. Provides definitions applicable to the credit.</p> <p>Subd. 2. Credit allowed; qualification; limitation. Allows a credit equal to the applicable percentage for each credit allowance</p>

Comparison Summary of H.F. 1938 – House (H1938-3) / Senate (UEH1938-1)

Section	HOUSE Article 1: Individual Income and Corporate Franchise Taxes	SENATE Article 1: Income and Corporate Franchise Taxes
		<p>date, multiplied by the purchase price paid to the qualified community development entity (QCDE) for the qualified equity investment. The credit may be claimed against the income and corporate franchise tax or the insurance premiums tax, but not both.</p> <p>Subd. 3. Requirements. Provides that a QCDE that seeks to have an equity investment designated as a qualified equity investment eligible for the credit must have an allocation agreement currently in effect executed by the applicant or its controlling entity and the CDFI fund; be certified as a QCDE by the CDFI fund; and meet all requirements for the federal credit. Requires that an entity seeking eligibility for the credit must hold a qualified equity investment on a credit allowance date of the investment and meet all requirements for the federal credit.</p> <p>Subd. 4. Application. Requires a QCDE to apply to the commissioner of DEED and specifies the components of the application, which must include a \$5,000 nonrefundable application fee to offset costs to administer the credit. A QCDE may apply for both a greater Minnesota and metropolitan allocation.</p> <p>Subd. 5. Certification and timing of qualified equity investments. Provides the requirements for the Commissioner of DEED to grant and deny applications and allow for corrections of denied applications. Requires the QCDE to provide evidence of receipt of the cash investment and the designation of 50 percent of the qualified equity investment under the requirements of the federal new markets tax credit, if the QCDE is not a Minnesota QCDE. Requires the commissioner of DEED to notify the commissioner of revenue of credits approved.</p> <p>Subd. 6. Examination. Authorizes the commissioner of DEED to conduct examinations to verify the credits have been received and applied under the requirements of this section and that no event has occurred that would trigger the recapture provisions under subd. 5.</p> <p>Subd. 7. Annual reporting by community development entities. Requires each QCDE to annually submit a report to the commissioner of DEED, which must include information about low-income community investments made and low-income community businesses funded, certification that no credits have been subject to recapture, and any changes regarding taxpayers eligible to claim credits with respect to qualified equity investments issued by the QCDE since its last report.</p>

Comparison Summary of H.F. 1938 – House (H1938-3) / Senate (UEH1938-1)

Section	HOUSE Article 1: Individual Income and Corporate Franchise Taxes	SENATE Article 1: Income and Corporate Franchise Taxes
		<p>Subd. 8. Program report. Requires the commissioner of DEED to provide a report on the credit if the credit has not been reviewed by the tax expenditure review commission. Subd. 9. Expiration. Provides that the credit expires for taxable years beginning after December 31, 2031. Authorizes the commissioner of DEED allow the credit based on credit certificates issued before the expiration date through the earlier of the year after the year that all certificates have been cancelled or resulted in credit certificates, or 2034.</p> <p>Effective date: Tax years 2024 to 2031 (sunset appears in section 36).</p>
9	<p>Retrieval of contents. Updates a cross-reference to the working family credit to reflect the credit’s inclusion of a child credit component.</p> <p>Effective date: Tax year 2023 and later.</p>	No comparable provision.
10	<p>Sexual harassment and abuse settlement; payment as severance or wages prohibited. Prohibits sexual harassment and abuse settlements between employees and employers from being provided as wages or severance pay.</p> <p>Effective date: Day following final enactment.</p>	No comparable provision.
11	<p>General information. Updates a cross-reference to the working family credit to reflect the credit’s inclusion of a child credit component.</p> <p>Effective date: Tax year 2023 and later.</p>	No comparable provision.
12	<p>Payment options. Updates a cross-reference to the working family credit to reflect the credit’s inclusion of a child credit component.</p> <p>Effective date: Tax year 2023 and later.</p>	No comparable provision.
13	<p>Composite income tax returns for nonresident partners, shareholders, and beneficiaries. Makes a conforming change due to the recodification for the definition of “income” in section 16.</p> <p>Effective date: Tax year 2023 and later.</p>	Section 14. Same.
14	<p>Pass-through entity tax. Makes a conforming change due to the recodification for the definition of “income” in section 16. Makes clarifying changes regarding disregarded entities. Allows tiered pass-through entities to elect to file and pay the PTE tax. Requires the exclusion of any owner of a pass-through entity that is not a qualifying owner from the election requirements and clarifies that the election must be made by the owners who collectively hold a majority of the total ownership interests of qualifying owners. Removes the requirement that the election may only be made if a qualifying owner’s SALT deduction is limited</p>	<p>Section 15. Different. Language is the same except that nonresident allocation language is carried in House section 16.</p> <p>Effective date: Retroactive to tax year 2022 and later.</p>

Comparison Summary of H.F. 1938 – House (H1938-3) / Senate (UEH1938-1)

Section	HOUSE Article 1: Individual Income and Corporate Franchise Taxes	SENATE Article 1: Income and Corporate Franchise Taxes
	<p>federally and sunsets the PTE tax when the federal SALT deduction cap expires.</p> <p>Effective date: Tax year 2023 and later.</p>	
15	<p>Reporting and payment requirements for partnerships and tiered partners. Requires a partnership subject to a federal partnership level audit to report adjustments and file a new PTE tax return to account for the changes.</p> <p>Effective date: Retroactive to tax year 2021 and later.</p>	<p>Section 16. Same.</p>
	<p>No comparable provision.</p>	<p>Section 17. Resident trust. Modifies the definition of “resident trust” for purposes of establishing nexus. For trusts (except grantor trusts) that become irrevocable on or before December 13, 1995, or were first administered in Minnesota on or before December 31, 1995, the trust is a resident trust only in the case that at least two of the following conditions are satisfied:</p> <ul style="list-style-type: none"> ▪ A majority of the discretionary decisions of the trustees relative to the investment of trust assets are made in Minnesota; ▪ A majority of the discretionary decisions of the trustees relative to the distributions of trust income and principal are made in Minnesota; or ▪ The official books and records of the trust, consisting of the original minutes of trustee meetings and the original trust instruments, are located in Minnesota. <p>For trusts (except grantor trusts) that become irrevocable after December 13, 1995, or were first administered in Minnesota after December 31, 1995, the trust is a resident trust only in the case that either:</p> <ul style="list-style-type: none"> ▪ it was created by a will of a decedent was domiciled in Minnesota on the decedent’s date of death; <i>or</i> ▪ is an irrevocable trust whose grantor was domiciled in Minnesota at the time the trust became irrevocable; <p><i>and</i> at least two of the following conditions are satisfied:</p> <ul style="list-style-type: none"> ▪ a majority of the discretionary decisions of the trustees relative to the investment of trust assets are made in Minnesota; ▪ a majority of the discretionary decisions of the trustees relative to the distributions of trust income and principal are made in Minnesota; or ▪ the official books and records of the trust, consisting of the original minutes of trustee meetings and the original trust instruments, are located in Minnesota.

Comparison Summary of H.F. 1938 – House (H1938-3) / Senate (UEH1938-1)

Section	HOUSE Article 1: Individual Income and Corporate Franchise Taxes	SENATE Article 1: Income and Corporate Franchise Taxes
		Effective date: Tax year 2025 and later.
16	<p>Net income. Recodifies the existing definitions of income for purposes of composite returns and the pass-through entity tax from chapter 289A to chapter 290. Also allows 100 percent of resident qualifying owners’ income to be used in calculating the pass-through entity tax.</p> <p>Effective date: Tax year 2023 and later.</p>	<p>Section 18. Net income. Different. Language is the same except that nonresident allocation language is carried in Senate section 15.</p> <p>Effective date: Retroactive to tax year 2022 and later.</p>
		<p>Section 19. Dependent flexible spending accounts. For taxpayers who claim, or whose spouses claim, the dependent care credit in a later section, requires an addback of the amount of dependent care assistance excluded from federal gross income.</p> <p>Effective date: Tax year 2023 and later.</p>
17	<p>Education expenses. Updates a cross-reference to the K-12 credit, to account for the technical changes to the definitions section.</p> <p>Effective date: Tax year 2023 and later.</p>	Section 20. Same.
18	<p>Student loan discharges. Permanently adopt (for taxable years after 2025) the American Rescue Plan Act (ARPA) exclusion for discharged student loans, by allowing a subtraction for discharged student loans which would qualify under the ARPA exclusion.</p> <p>Effective date: Tax year 2023 and later.</p>	No comparable provision.
19	<p>Social security benefits. Expands Minnesota’s Social Security subtraction to allow taxpayers with adjusted gross income below \$100,000 (for married joint returns) or \$78,000 (for single or head of household returns) to subtract the full amount of the taxpayer’s taxable Social Security benefits. This change switches the measure of income used to phase out the subtraction from provisional income to adjusted gross income. The subtraction would be phased down by ten percent for each \$2,000 of adjusted gross income in excess of the phaseouts mentioned above (for married joint taxpayers the phasedown is ten percent for each \$1,000 of AGI). The thresholds would be indexed for inflation. Allows taxpayers to continue to claim the state subtraction amounts allowed under current law, if those amounts are greater than the new “simplified” approach established in the bill. The amounts for the “simplified” approach are not indexed for inflation.</p> <p>Effective date: Tax year 2023 and later.</p>	<p>Section 21. Different. Cross reference and structural differences in language. Subtraction amounts and income phaseout threshold are the same, but Senate phases out the subtraction by ten percent of each \$4,000 of AGI over the phaseout thresholds for married joint and single filers and surviving spouses, and ten percent of each \$2,000 of AGI over the phaseout threshold for married separate filers.</p> <p>Effective date: Tax year 2023 and later.</p>
20	<p>Deferred foreign income. Technical correction to language in existing law relating to the subtraction for section 965 (deemed repatriation) income.</p> <p>Effective date: Day following final enactment.</p>	No comparable provision.

Comparison Summary of H.F. 1938 – House (H1938-3) / Senate (UEH1938-1)

Section	HOUSE Article 1: Individual Income and Corporate Franchise Taxes	SENATE Article 1: Income and Corporate Franchise Taxes
21	<p>Damages for sexual harassment or abuse. Provides a subtraction for damages received under a sexual harassment or abuse claim not deductible federally.</p> <p>Effective date: Tax year 2023 and later.</p>	No comparable provision.
22	<p>Qualified retirement benefits. Establishes a subtraction for a portion of public pension benefits. The subtraction would apply to pension benefits that were earned based on service for which the member or survivor did not earn Social Security benefits. The subtraction would apply to state or federal pension plans whose members do not qualify for Social Security benefits. The bill defines these benefits as “qualified benefits.” The subtraction is limited to \$25,000 for married joint filers, and \$12,500 for other filers. The subtraction is phased out beginning at \$100,000 of AGI for married joint filers and \$78,000 for single and head of household filers. The subtraction is reduced by ten percent for each \$2,000 of adjusted gross income above those thresholds.</p> <p>Effective date: Tax year 2023 and later.</p>	Section 22. Same.
23	<p>Subpart F income. Allows a subtraction for subpart F income for unitary businesses subject to worldwide combined reporting.</p> <p>Effective date: Tax year 2024 and later.</p>	Section 23. Same.
24	<p>Special deductions. Removes unnecessary reference to the participation exemption for section 965 (deemed repatriation) income.</p> <p>Effective date: Day following final enactment.</p>	No comparable provision.
25	<p>Deferred foreign income. Technical correction to language in existing law relating to the subtraction for section 965 (deemed repatriation) income.</p> <p>Effective date: Day following final enactment.</p>	No comparable provision.
26	<p>Subpart F income. Allows a subtraction for subpart F income for unitary businesses subject to worldwide combined reporting.</p> <p>Effective date: Tax year 2024 and later.</p>	Section 24. Same.
27	<p>Schedule of rates for individuals, estates, and trusts. Establishes a fifth tier on the individual income tax, with a rate of 10.85 percent. The tier would begin at \$1,000,000 for married taxpayers filing joint returns, \$600,000 for single filers, and \$800,000 for head of household filers.</p> <p>Effective date: Tax year 2023 and later.</p>	No comparable provision.
28	<p>Inflation adjustment of brackets. Sets the statutory year to 2023 for the purposes of the brackets for inflation.</p> <p>Effective date: Tax year 2024 and later.</p>	No comparable provision.

Comparison Summary of H.F. 1938 – House (H1938-3) / Senate (UEH1938-1)

Section	HOUSE Article 1: Individual Income and Corporate Franchise Taxes	SENATE Article 1: Income and Corporate Franchise Taxes
	No comparable provision.	<p>Section 25. Refund of contributions to political parties and candidates. Increases the political contribution refund from \$50 to \$75 for individuals and from \$100 to \$150 for married joint filers.</p> <p>Effective date: January 1, 2024, for contributions made in calendar year 2024 and later.</p>
29	<p>Film production credit. Makes a conforming change to the sunset date for the film credit due to the changes in section 8.</p> <p>Effective date: Day following final enactment.</p>	<p>Section 26. Similar. House strikes obsolete date; Senate does not.</p> <p>Effective date: Day following final enactment.</p>
	No comparable provision.	<p>Section 27. Pass-through entity tax paid to another state. Provides a credit for PTE taxes paid to another state claimed by a qualifying owner of a PTE.</p> <p>Effective date: Retroactive to tax year 2022 and later.</p>
30	<p>Dependent care credit. Allows unmarried taxpayers with a newborn child who do not have dependent care expenses to claim the “newborn credit.” This credit deems the taxpayer to have paid the maximum amount of expenses for one dependent for the purposes of the credit.</p> <p>Effective date: Tax year 2023 and later.</p>	<p>Section 28. Great start childcare and dependent care credit.</p> <p>Subdivision 1. Amount of credit. Strikes language linking the state child and dependent care credit to the federal credit and provides a reference to the new calculation of the state credit. Defines terms applicable to the credit. “Employment-related expenses” and “qualifying individual” have the meaning provided in the Internal Revenue Code, but for purposes of determining whether a child is a dependent, whether the taxpayer received a Minnesota family investment program (MFIP) grant or allowance on behalf of the child does not count toward the calculation of whether the child received more than half of the child’s support from the taxpayer. A “young child” is a qualifying individual who has not reached age five by December 31 of the taxable year.</p> <p>Subd. 1a. Eligible dependent care expenses. Specifies that eligible dependent care expenses are limited to \$3,000 for one qualifying individual per taxpayer and \$6,000 for two or more qualifying individuals per taxpayer.</p> <p>Subd. 1b. Eligible expenses for taxpayers with young children. Allows an additional \$7,000 in eligible expenses for taxpayers with young children; \$14,000 for taxpayers with two young children; and \$19,000 for taxpayers with three or more young children.</p> <p>Subd. 1c. Credit percentage. States that the credit percentage equals 50 percent of eligible expenses, reduced by one percentage point for each \$800 over adjusted gross income of \$160,000. For married separate filers, the adjusted gross income threshold is \$80,000.</p>

Comparison Summary of H.F. 1938 – House (H1938-3) / Senate (UEH1938-1)

Section	HOUSE Article 1: Individual Income and Corporate Franchise Taxes	SENATE Article 1: Income and Corporate Franchise Taxes
		<p>Subd. 2b. Inflation adjustment. Updates the statutory year for the inflation adjustment of the income thresholds under current law. The “statutory year” is the year before the amounts begin to be adjusted for inflation.</p> <p>Subd. 2c. Deemed expenses. Allows taxpayers who care for their own children under age 6 in their own licensed family day care to claim deemed expenses in the amount the taxpayer would charge for the care of child of the same age for the same hours of care. For married filers with a child under age one who do not participate in a dependent care assistance program, the deemed employment-related expenses to claim the credit equals the lesser of the couple’s combined earned income, or \$3,000 (\$10,000 for couples with a young child), regardless of whether employment-related expenses have been paid.</p> <p>Subd. 2d. Special rules. Provides that the federal rules governing place of abode and marital status apply.</p> <p>Subd. 3. Credit to be refundable. Appropriates an amount sufficient to pay refunds for the credit.</p> <p>Subd. 4. Right to file claim. No changes to this subdivision from current law.</p> <p>Subd. 5. Employment-related expenses. Specifies that the federal requirement limiting the credit to the earned income of the taxpayer, or the taxpayer’s lesser-earning spouse for married joint filers, applies for purposes of the state credit.</p> <p>Effective date: Tax year 2023 and later.</p>
31	<p>Minnesota child and working family credit. Restructures the Minnesota working family credit into a combined credit based on the taxpayer’s earned income and number of qualifying children.</p> <p>The bill makes three new groups of people eligible for the credits:</p> <ul style="list-style-type: none"> ▪ Taxpayers who file with an individual taxpayer identification number (ITIN) ▪ Childless taxpayers who are 18, or who are 65 and older ▪ Taxpayers who have insufficient earned income to qualify for the federal earned income credit (who are allowed to claim the child credit) <p>The “child credit” component of the credit equals \$1,275 per child, with no cap on the number of eligible children.</p>	<p>Section 29. Credit allowed. Different. Senate does not include restructuring of the credit. The only modification to eligibility is to allow taxpayers who file with an ITIN to claim the credit.</p> <p>Effective date: Tax year 2023 and later.</p>

Comparison Summary of H.F. 1938 – House (H1938-3) / Senate (UEH1938-1)

Section	HOUSE Article 1: Individual Income and Corporate Franchise Taxes	SENATE Article 1: Income and Corporate Franchise Taxes
	<p>The “working family” component of the credit equals four percent of the first \$12,500 of earned income, up to a maximum credit of \$500.</p> <p>The combined amount is phased down beginning at \$36,000 of earned income or adjusted gross income (whichever is greater) for married joint filers, and \$28,000 for all other filers. The credit is reduced by nine percent of AGI/earned income above these thresholds.</p> <p>The per-child amounts, earned income eligible for the credit, and phaseout thresholds would be indexed for inflation.</p> <p>This section additionally permits (but does not require) the Department of Revenue (DOR) to establish a system of advance payments for the credit.</p> <p>Effective date: Tax year 2023 and later.</p>	
32	<p>Minnesota education credit.</p> <p>Subd. 1a. Definitions. Makes technical changes to restructure and clarify the language describing which expenses qualify for the credit. Defines “dependent” and “exemption amount” for the purposes of the credit.</p> <p>Subd. 2. Limitations. Shifts the income measure used to phase out the credit from household income to adjusted gross income (AGI). Increases the phaseout threshold for the credit to \$70,000 of AGI, plus an additional amount based on the number of the taxpayer’s children. For taxpayers with three dependents, the phaseout is increased by one dependent exemption amount (\$4,800 in TY 23). For taxpayers with four dependents, the phaseout is increased by two exemption amounts, and for taxpayers with five or more dependents, the phaseout is increased by three exemption amounts. Increases the maximum credit from \$1,000 to \$1,500.</p> <p>Subd. 3. Income. Strikes the definition of “income” currently used to phase out the credit.</p> <p>Subd. 6. Inflation adjustment. Indexes the phaseout thresholds for inflation.</p> <p>Effective date: Tax year 2023 and later.</p>	<p>Section 30. Different.</p> <p>Subd 1a. Senate includes the technical changes to restructure and clarify the language describing which expenses qualify for the credit but does not include the new “dependent” and “exemption amount” definitions.</p> <p>Subd. 2. Senate includes the shift of income measure used to phase out the credit from household income to adjusted gross income (AGI); the increase of the phaseout threshold for the credit to \$70,000 of AGI; and the increase of the maximum credit from \$1,000 to \$1,5000. Senate does not include the phaseout increase for taxpayers with three or more dependents.</p> <p>Subd. 3. Same.</p> <p>Subd. 6. Same.</p> <p>Effective date: Tax year 2023 and later.</p>
33	<p>Credit allowed; current military service. Makes the credit for military service available per calendar year, not taxable year.</p> <p>Effective date: Tax year 2023 and later.</p>	<p>Section 31. Same.</p>
		<p>Section 32. Applications; allocations. Provides that the taxpayer or grant recipient is entitled to the historic structure rehabilitation credit or grant provided that a project is placed in service within</p>

Comparison Summary of H.F. 1938 – House (H1938-3) / Senate (UEH1938-1)

Section	HOUSE Article 1: Individual Income and Corporate Franchise Taxes	SENATE Article 1: Income and Corporate Franchise Taxes
		<p>five, rather than three years, after the issuance of the certificate.</p> <p>Effective date: For applications for allocation certificates submitted after June 30, 2023.</p>
	<p>No comparable provision.</p>	<p>Section 33. Credit certificates; grants. Allows the first assignee of a historic structure rehabilitation credit or grant to assign the credit certificate in whole to a second assignee, which must be a financial institution. Requires the original credit certificate recipient and each assignee to file a return for the taxable year the project is placed in service.</p> <p>Effective date: For projects placed in service after June 30, 2023.</p>
34	<p>Credit allowed. Increases the maximum student loan credit from \$500 to \$1,000.</p> <p>Effective date: Tax year 2023 and later.</p>	<p>No comparable provision.</p>
35	<p>Credit refundable. Makes the student loan credit refundable.</p> <p>Effective date: Tax year 2023 and later.</p>	<p>No comparable provision.</p>
36	<p>Credit allowed. Eliminates the dependent test for the stillbirth credit and restricts nonresidents from claiming the credit.</p> <p>Effective date: Retroactive to tax year 2016.</p>	<p>Section 34. Different. Restricts nonresidents from claiming the credit. Retains the dependent test. Allows the credit to be claimed for a birth resulting in stillbirth outside of Minnesota for which a certificate similar to that required under Minnesota law is required under applicable local laws.</p> <p>Effective date: Tax year 2023 and later.</p>
37	<p>Definitions. “Certificate of birth resulting in stillbirth” means a printed certificate of stillbirth issued by the Minnesota Department of Health for a Minnesota birth or a similar certificate issued by another state or country if the birth occurs outside of Minnesota.</p> <p>“Eligible individual” (i.e., individuals who will be allowed the credit) must be: a Minnesota resident or the nonresident spouse of a member of the military who is a Minnesota resident; the individual who gave birth and is listed as a parent on the certificate of birth (or the first parent listed if there is no individual meeting this requirement); or for a stillbirth outside Minnesota for which no certificate of birth was issued, the individual who gave birth.</p> <p>“Stillbirth” is defined by reference to the statute that requires a fetal death report, for stillbirths occurring in Minnesota.</p> <p>Effective date: Retroactive to tax year 2016.</p>	<p>No comparable provision.</p>
38	<p>Credit for attaining master’s degrees in teacher’s licensure field. Expands the credit for teachers attaining master’s degrees to cover degrees in special education.</p>	<p>No comparable provision.</p>

Comparison Summary of H.F. 1938 – House (H1938-3) / Senate (UEH1938-1)

Section	HOUSE Article 1: Individual Income and Corporate Franchise Taxes	SENATE Article 1: Income and Corporate Franchise Taxes
	<p>To qualify, the degree must lead to licensure in one of the following areas:</p> <ul style="list-style-type: none"> ▪ Developmental disabilities ▪ Early childhood special education ▪ Deaf and hard of hearing education ▪ Blind and visually impaired education ▪ Emotional or behavior disorders ▪ Autism spectrum disorders ▪ Learning disabilities <p>Effective date: Tax year 2023 and later.</p>	
	<p>House child credit proposal is part of the working family credit changes in article 1, section 31.</p>	<p>Section 35. Minnesota child tax credit.</p> <p>Subd. 1. Definitions. Provides definitions for the credit.</p> <p>Subd. 2. Credit allowed. Allows a credit equal to \$620 for each child,</p> <p>Subd. 3. Limitations. Provides that the maximum credit is \$1,860. The credit is phased out by \$62 for each \$1,000 by which the taxpayers adjusted gross income exceeds \$33,000 for unmarried individuals, \$50,000 for married joint filers, and \$25,000 for married separate filers. For part year residents, the credit is allocated under the provisions of current law.</p> <p>Subd. 4. Credit refundable. Directs the commissioner to issue refunds to taxpayers whose credit exceeds tax liability.</p> <p>Subd. 5. Inflation adjustment. Requires the commissioner to adjust the credit amount and income thresholds annually for inflation under provisions of current law.</p> <p>Subd. 6. Appropriation. Appropriates an amount sufficient to pay refunds.</p> <p>Subd. 7. Sunset. Sunsets the credit after tax year 2030 and retains the commissioner’s authority to audit and issue assessments for credits claimed.</p> <p>Effective date: Tax years 2022-2030.</p>
		<p>Section 36. New markets tax credit.</p> <p>Subd. 1. Definitions. References the definitions established in section 12.</p> <p>Subd. 2. Credit allowed. Allows a credit equal to the applicable percentage for each credit allowance date, multiplied by the purchase price paid to the qualified community development entity (QCDE) for the qualified equity investment. The credit may be claimed</p>

Comparison Summary of H.F. 1938 – House (H1938-3) / Senate (UEH1938-1)

Section	HOUSE Article 1: Individual Income and Corporate Franchise Taxes	SENATE Article 1: Income and Corporate Franchise Taxes
		<p>against the income and corporate franchise tax or the insurance premiums tax, but not both.</p> <p>Subd. 3. Credit recapture. Provides the circumstances under which credits are recaptured:</p> <ul style="list-style-type: none"> ▪ the federal credit allowed for a qualified equity investment is recaptured; ▪ the QCDE redeems or makes principal repayment with respect to a QCDE prior to seven years of the date of investment; or ▪ the QCDE fails to invest at least 100 percent of the cash purchase price of the qualified equity investment in qualified low-income community investments in greater Minnesota or metropolitan counties within 12 months of the issuance of the qualified equity investment and maintains the investment in a qualified low-income community in greater Minnesota or metropolitan counties, as applicable, until the last credit allowance date for the qualified equity investment. <p>The commissioner of DEED must notify the QCDE of proposed recapture of credits, including the reasons for the proposed recapture, and must allow 90 days for the QCDE to cure the deficiency resulting in the proposed recapture. If, after 90 days, the deficiency has not been cured, the commissioner must issue a final order of recapture.</p> <p>Subd. 4. Sunset. Provides that the credit expires for taxable years beginning after December 31, 2031, but retains the commissioner’s authority to audit and issue assessments for credits claimed.</p> <p>Effective date: Tax years 2024 to 2031.</p>
39	<p>Credit for sales of manufactured home parks to cooperatives. Establishes a credit for the seller of a manufactured home park to a manufactured home park cooperative equal to five percent of the amount of the sale. The credit would not be refundable but a five-year carryforward would be allowed. The credit would sunset for tax years in 2031.</p> <p>Effective date: Tax year 2023 and later.</p>	<p>Section 37. Different. Senate specifies that that the manufactured home park must qualify as section 1250 property under the Internal Revenue Code. Senate definition of “qualified seller” is different. Senate provides allocation rules for nonresidents. Provisions for nonrefundability and carryforward are the same. Senate does not sunset the credit.</p> <p>Effective date: Tax year 2023 and later.</p>
		<p>Section 38. Short line railroad infrastructure modernization credit.</p> <p>Subd. 1. Definitions. Defines terms applicable to the credit.</p>

Comparison Summary of H.F. 1938 – House (H1938-3) / Senate (UEH1938-1)

Section	HOUSE Article 1: Individual Income and Corporate Franchise Taxes	SENATE Article 1: Income and Corporate Franchise Taxes
		<p>Subd. 2. Credit allowed; limitation; carryover. Provides an income or corporate franchise tax credit equal to 50 percent of the taxpayer’s qualified railroad reconstruction or replacement expenditures. The credit equals \$3,000 times the number of miles of railroad track owned or leased in Minnesota by the taxpayer as of the end of the taxable year for which the taxpayer made qualified railroad expenditures. The credit is nonrefundable but may be carried forward for up to five years.</p> <p>Subd. 3. Transferability; written agreement required; credit certificate. Allows an eligible taxpayer to transfer the credit to a taxpayer subject to the income, corporate franchise, or insurance premiums tax. The transferred amount must not be more than the unused, remaining portion of the credit. The eligible taxpayer and eligible transferee must jointly file a copy of the transfer agreement with the commissioner of revenue within 30 days of the transfer, and the commissioner must issue a credit certificate to the transferee within 30 days of the filing of the agreement. In case of an audit or assessment, the transferee is liable for repayment of credits claimed in excess of the allowed amount.</p> <p>Subd. 4. Partnerships; multiple owners. Requires the credit to be passed through to partners, members, shareholders, or owners of a partnership, LLC taxed as a partnership, S corporation, or multiple owners of property according to their interest in the business entity or as specified in their organizational documents.</p> <p>Subd. 5. Allocation for nonresidents and part-year residents. Provides that the credit must be allocated under current law requirements.</p> <p>Effective date: For taxable years 2023 and later.</p>
		<p>Section 39. Income of certain nonresidents.</p> <p>Subd. 1. Exemption allowed. Provides that compensation received by a qualifying nonresident for employment in Minnesota is excluded from gross income, subject to later provisions in the bill.</p> <p>Subd. 2. Definitions. Provides definitions relevant to the exemption.</p> <p>Subd. 3. Withholding exemption; limitation. Exempts employers from the withholding requirements for qualifying nonresident individuals and related filing requirements for those individuals. The exemption does not apply if the employee performs employment duties</p>

Comparison Summary of H.F. 1938 – House (H1938-3) / Senate (UEH1938-1)

Section	HOUSE Article 1: Individual Income and Corporate Franchise Taxes	SENATE Article 1: Income and Corporate Franchise Taxes
		<p>for the employer in Minnesota for more than 30 days in the calendar year, in which case the withholding and filing requirements apply for every day, including the first 30 days, Subd. 4. Employers; application of penalties. Prohibits the application of penalties or interest otherwise applicable for an employer who fails to deduct and withhold income taxes, if the employer met one of two conditions when determining whether withholding was required:</p> <ul style="list-style-type: none"> ▪ the employer maintained a time and attendance system and relied on data from that system; or ▪ if the employer did not maintain a time and attendance system, the employer relies on either: <ul style="list-style-type: none"> ▪ the employer’s own records maintained in the regular course of business of the employer’s location or ▪ the employee’s reasonable determination of the time the employee expected to spend performing employment duties in Minnesota, the employer has no actual knowledge of fraud by the employee in making the determination, and the employer and employee did not collude to evade taxation. <p>Subd. 5. Timing of employment duties performed. Provides that an employee is deemed to be performing employment duties in Minnesota for a day if the employee performs more of their employment duties in Minnesota than in any other state during that day, excluding travel time.</p> <p>Subd. 6. Severability. States that if any provision in this section or application of a provision in this section is found unconstitutional, then all other provisions and related rights, remedies, and privileges remain valid.</p> <p>Effective date: Tax year 2026 and later.</p>
40	<p>Definitions. Allows a subtraction under the individual alternative minimum tax for the proposed subtraction for sexual harassment and abuse settlements and public pension benefits.</p> <p>Effective date: Tax year 2023 and later.</p>	<p>Section 40. Similar. Allows the subtraction for public pension benefits and the subpart F subtractions.</p> <p>Effective date: Tax year 2023 and later.</p>
41	<p>Unitary business principle. Requires the income of foreign corporations that are unitary with a domestic corporation to be apportioned to Minnesota and the factors of a unitary foreign corporation to be included in the apportionment formula. Requires foreign corporations not subject to federal tax filing requirements to calculate net</p>	<p>Section 41. Same.</p>

Comparison Summary of H.F. 1938 – House (H1938-3) / Senate (UEH1938-1)

Section	HOUSE Article 1: Individual Income and Corporate Franchise Taxes	SENATE Article 1: Income and Corporate Franchise Taxes
	income as required under the Internal Revenue Code. Effective date: Tax year 2024 and later.	
42	Foreign corporations and other foreign entities. Establishes administrative provisions for foreign profit and loss statements under worldwide combined reporting. Effective date: Tax year 2024 and later.	Section 42. Same.
43	Controlled foreign corporations. Makes a clarifying change to the subpart F rules and clarifies that nonunitary corporations will continue to be subject to the subpart F rules under worldwide combined reporting. Effective date: Tax years 2024 and thereafter, except the clarifying change is effective the day following final enactment.	No comparable provision.
44	Film production credit. Makes a conforming change to the sunset date for the film credit due to the changes in section 8. Effective date: Day following final enactment.	Section 43. Same.
	No comparable provision.	Section 44. Short line railroad infrastructure modernization credit. Allows the credit established in section 38 against the insurance premiums tax. The credit is nonrefundable but may be carried forward for up to five years. Effective date: Tax year 2023 and later.
	No comparable provision.	Section 45. New markets tax credit. Allows the credit established in section 36 to be claimed against the insurance premiums tax. The credit is nonrefundable but may be carried forward for up to five years. Effective date: Tax 2023 and later.
45	Access to certain items. Updates a cross-reference to the working family credit to reflect the credit's inclusion of a child credit component. Effective date: Tax year 2023 and thereafter.	No comparable provision.
46	One-time refundable credit payment. Subd. 1. Credit allowed; eligibility. Allows a one-time refundable credit payment, effective retroactively for tax year 2021. The credit is limited to individuals who were full- or part-year residents for tax year 2021, and is apportioned for part-year residents based on their Minnesota residency percentage. The credit amount is \$550 for a married joint taxpayer and \$275 for a single filer, head of household, or married taxpayer filing a separate return. The credit amount is increased by \$275 per dependent, up to a maximum additional amount of \$825 (for three dependents).The	Section 46. Advance payment and one-time refundable credit. Different. Subd. 1. Credit allowed; eligibility. Provides a refundable individual income tax credit for 2023 only, equal to \$279 for single filers and married persons filing a separate return, and \$558 for head of household, married joint, and surviving spouse filers. The credit is increased by \$56 for each of the first three dependents of the tax filer, up to a maximum of \$168. To be eligible for the credit, the individual must: <ul style="list-style-type: none">▪ be a resident of Minnesota for at least part of 2023;

Comparison Summary of H.F. 1938 – House (H1938-3) / Senate (UEH1938-1)

Section	HOUSE Article 1: Individual Income and Corporate Franchise Taxes	SENATE Article 1: Income and Corporate Franchise Taxes
	<p>credit is limited to taxpayers with AGI below \$150,000 (for married joint returns) and \$75,000 (for other returns).</p> <p>Subd. 2. Internal Revenue Code. Provides that the income tax definitions in chapter 290 apply to the credit.</p> <p>Subd. 3. Data classification. Allows DOR to share nonpublic data or private data on individuals with vendors used to administer the credit.</p> <p>Subd. 4. Credit not subject to recapture. Excludes the credit from revenue recapture.</p> <p>Subd. 5. Not income. Specifies that the credit is not income for the purposes of certain public programs, including child care assistance, general assistance, housing support, the Minnesota family investment program and diversional work program, economic assistance programs, and medical assistance.</p> <p>Subd. 6. Simplified filing process. Simplified filing process. Requires DOR to establish a simplified filing process to allow taxpayers without a filing requirement for tax year 2021 to file and claim the credit.</p> <p>Subd. 7. Appropriation. Appropriates the amount necessary to make refunds based on the credit. The appropriation expires June 30, 2025.</p> <p>Subd. 8. Distribution of refunds. Requires DOR to distribute refunds based on credit payments directly to taxpayers. Taxpayers who were eligible for a credit but did not file a tax year 2021 return could file and claim a credit according to the normal rules in section 289A.40. This allows taxpayers to file and claim a return for a refund within 3-½ years of the return’s due date, plus any extensions of time granted for filing.</p> <p>Effective date: Retroactively for tax year 2021.</p>	<ul style="list-style-type: none"> ▪ not be a dependent in 2023; and ▪ have adjusted gross income of under \$75,000 for single and married separate filers and \$150,000 for all other filers. <p>The credit for part-year residents is equal to the credit otherwise calculated times the percentage calculated under current law.</p> <p>To be eligible to receive the credit for dependents, the TIN of the dependent, as defined in section 7701(a)(41) of the Internal Revenue Code, must be included on the 2023 tax return.</p> <p>Subd. 2. Advance payment of credit. The commissioner of revenue is authorized to make advance payments to persons the commissioner reasonably believes will be eligible for the 2023 credit, based on 2021 individual income tax and property tax refund returns filed before January 1, 2023, who:</p> <ul style="list-style-type: none"> ▪ were a resident of Minnesota at the end of 2021; ▪ were not a dependent in 2021; ▪ had adjusted gross income in 2021 under \$50,000 for single or married filing separate filers, or \$100,000 for all other individual income tax filers; and ▪ have not died before January 1, 2023. <p>The advance payments will be made based on information available in the commissioner's records and individuals are not required to file a claim. The decision of the commissioner to not make an advance payment to an individual is not appealable.</p> <p>Subd. 3. Payments to taxpayers who do not receive an advance payment. Eligible individuals who do not receive an advance payment or did not receive the full payment for having dependents, can claim the credit on their 2023 Minnesota individual income tax return. Any credit claimed on the tax return is reduced by the amount of the advance payment made to the individual.</p> <p>Subd. 4. Repayment of advance payment. Persons who receive an advance payment but who are not eligible for the credit in 2023, are required to repay the amount by the due date of the 2023 individual income tax return.</p> <p>Subd. 5. Internal Revenue Code. Provides that references to the IRC in this section are to the IRC as amended through the date to which the provision related.</p>

Comparison Summary of H.F. 1938 – House (H1938-3) / Senate (UEH1938-1)

Section	HOUSE Article 1: Individual Income and Corporate Franchise Taxes	SENATE Article 1: Income and Corporate Franchise Taxes
		<p>Subd. 6. Data classification. Allows the commissioner to share taxpayer data, including return information, to a third-party vendor for purposes of administering advance payments.</p> <p>Subd. 7. Advance payment not subject to set off. The commissioner must not apply, and must not certify to another agency to apply, an advance payment to any unpaid tax or nontax debt.</p> <p>Subd. 8. Not income. An advance payment or refund of a credit is not considered income in determining Minnesota income tax, Minnesota income tax credits, the Minnesota property tax refund, or the Minnesota senior citizen property tax deferral. An advance payment or refund of a credit is not considered income, assets, or property under various assistance programs.</p> <p>Subd. 9. Procurement. Exempts the commissioner from various procurement provisions when administering this section.</p> <p>Subd. 10. Appropriation. Appropriates the amount necessary to pay the advance credit and the refundable portion of the tax credit from the general fund beginning July 1, 2023.</p> <p>Effective date: Day following final enactment.</p>
	No comparable provision.	<p>Section 47. Historic structure rehabilitation credit; special provision. Provides that projects that started rehabilitation work after June 30, 2022, and before July 1, 2023, that otherwise meet the statutory requirements to qualify for the credit are eligible to claim the credit if the credit application is received within 60 days of June 30, 2023.</p> <p>Effective date: Day following final enactment.</p>
	No comparable provision.	<p>Section 48. Revival and reenactment of expired provisions. Revives and reenacts the definitions and requirements for the angel investment credit and the historic structure rehabilitation credit, which are extended and reenacted, respectively, in other sections.</p> <p>Effective date: Day following final enactment.</p>
47	<p>Subtraction for certain unemployment compensation. Provides an individual income tax subtraction for unemployment compensation received by teenagers pursuant to the 2021 Minnesota Court of Appeals decision in <i>Muse</i>. In 2021, the legislature conformed to the retroactive federal exclusion in the American Rescue Plan Act (ARPA) for unemployment compensation paid in 2020.</p> <p>Effective date: Retroactively for tax year 2021 only.</p>	<p>Section 49. Same.</p>

Comparison Summary of H.F. 1938 – House (H1938-3) / Senate (UEH1938-1)

Section	HOUSE Article 1: Individual Income and Corporate Franchise Taxes	SENATE Article 1: Income and Corporate Franchise Taxes
48	<p>Extension of statute of limitations. Provides an exception to the statute of limitations to allow taxpayers to amend returns due to the retroactive changes to the credit for parents of stillborn children.</p> <p>Effective date: Day following final enactment.</p>	No comparable provision.
49	<p>Repealer. Repeals an unnecessary definition for “deferred foreign income” and an unnecessary addition for estates and trusts, for certain special federal deductions related to international taxation.</p> <p>Effective date: Day following final enactment.</p>	<p>Section 50. Repealer. Different. Repeals the sunset for the historic structure rehabilitation credit.</p> <p>Effective date: Day following final enactment and applies to applications for allocation certificates submitted after June 30, 2023.</p> <p>Repeals the sunset for the beginning farmer and owner of agricultural assets credits.</p> <p>Effective date: Day following final enactment.</p>

Section	HOUSE Article 2: Conformity	SENATE Article 2: Federal Conformity
1	<p>Internal Revenue Code. Updates the reference to the Internal Revenue Code for purposes of administration and compliance.</p> <p>Effective date: When effective for federal purposes.</p>	Same.
2	<p>Net income. Updates the reference to the Internal Revenue Code for purposes of determining the starting point for Minnesota’s individual income and corporate franchise taxes.</p> <p>Effective date: When effective for federal purposes.</p>	Same.
3	<p>Internal Revenue Code. Updates the reference to the Internal Revenue Code for purposes of determining the starting point for Minnesota’s individual income and corporate franchise taxes.</p> <p>Effective date: When effective for federal purposes.</p>	Same.
4	<p>Schedule of rates for individuals, estates, and trusts. Amends the residency percentage formula to include the additions for business interest and net operating losses and the subtraction for net operating losses that were enacted in the federal conformity bill enacted January 12, 2023.</p> <p>Effective date: Retroactive to tax year 2019 and thereafter.</p>	Same.
5	<p>Internal Revenue Code. Updates the reference to the Internal Revenue Code for purposes of the property tax refund.</p> <p>Effective date: Taxes payable in 2024 and thereafter.</p>	Same.
6	<p>Scope. Updates the reference to the Internal Revenue Code for purposes of the estate tax.</p> <p>Effective date: When effective for federal purposes.</p>	Same.

Comparison Summary of H.F. 1938 – House (H1938-3) / Senate (UEH1938-1)

Section	HOUSE Article 2: Conformity	SENATE Article 2: Federal Conformity
7	<p>Effective date. Amends the effective date for the residency percentage calculation in the federal conformity bill enacted January 12, 2023, to include the subtraction for business interest.</p> <p>Effective date: Retroactive to tax year 2020 and thereafter.</p>	Same.
8	<p>Repealer. Repeals the excess business loss subtraction enacted in the federal conformity bill January 12, 2023.</p> <p>Effective date: Day following final enactment.</p>	Same.

Section	HOUSE Article 3: Property Taxes	SENATE Article 3: Property Tax
1	<p>Exempt property used by private entity for profit. Extends the current exemption for certain hangars to those used for the manufacture of aircraft, provided that the hangar is at a public airport that is not owned by either the Metropolitan Airports Commission or a city with a population of over 50,000. The section also provides for 12 years, a 50 percent reduction in net tax capacity for hangars used for the manufacture of aircraft and the check-in area of an airport, provided that the property is located at an airport owned by a city with a population greater than 50,000 but less than 150,000.</p> <p>Effective date: This section is effective beginning with property taxes payable in 2024.</p>	No comparable provision.
	No comparable provision.	<p>Section 1. Watershed districts; general fund. Increases the maximum general fund levy authority for watershed districts. Under current law, watershed districts may levy a property tax not to exceed the lesser of: (1) 0.048 percent of the estimated market value of the district; or (2) \$250,000. This section increases the levy limit to the lesser of: (1) 0.096 percent of the estimated market value of the district; or (2) \$500,000.</p> <p>Effective date: This section is effective beginning with assessment year 2024.</p>
2	<p>Solar energy generating systems. Requires real property to be classified as class 3a (commercial) if the property contains more than one solar energy generating system that cannot be combined with another system for the purposes of the solar energy production tax, and the systems in aggregate exceed one megawatt.</p> <p>Effective date: This section is effective beginning with property taxes payable in 2024 and thereafter.</p>	Section 2. Similar. Senate provision effective beginning with assessment year 2024.
3	<p>Certain property owned by an Indian Tribe. Extends for an additional ten years a property tax exemption for a property in Minneapolis owned by the Minnesota Chippewa Tribe. The bill would also</p>	Section 3. Same.

Comparison Summary of H.F. 1938 – House (H1938-3) / Senate (UEH1938-1)

Section	HOUSE Article 3: Property Taxes	SENATE Article 3: Property Tax
	<p>exempt the property from the requirement to file an exemption application every three years.</p> <p>Effective date: This section is effective for property taxes payable in 2023 and thereafter.</p>	
4	<p>Elderly living facility. Establishes a property tax exemption for an elderly living facility in Duluth. Residents of the facility must be (i) at least 55 years of age, or (ii) disabled, and at least 30 percent of the units in the facility must be occupied by individuals whose income does not exceed 50 percent of the area median income.</p> <p>Effective date: This section is effective beginning with taxes payable in 2023.</p>	<p>Section 4. Similar. Senate requires facility to be owned and operated by a nonprofit corporation organized under chapter 317A.</p>
	<p>No comparable provision.</p>	<p>Section 5. Energy storage systems. Establishes an ongoing property tax exemption for energy storage systems with a storage capacity not exceeding 300 megawatt-hours and not located in an energy community.</p> <p>Effective date: This section is effective beginning with assessment year 2024.</p>
	<p>No comparable provision.</p>	<p>Section 6. Statement of exemption. Requires a taxpayer claiming the energy storage system property tax exemption in Section 5 to file a statement of exemption with the commissioner of revenue.</p> <p>Effective date: This section is effective beginning with assessment year 2024.</p>
5	<p>Community land trusts. States that community land trust units that are owned and used as a homestead by the occupant can qualify for the 4d(2) property tax classification.</p> <p>Effective date: This section is effective beginning with assessment year 2024 and thereafter.</p>	<p>Section 7. Similar. Senate provision references newly established Class 4d(1), and contains minor technical language differences.</p>
	<p>No comparable provision.</p>	<p>Section 8. First tier valuation limit agricultural homestead property. Sets the first-tier valuation limit for agricultural homestead property at \$3,500,000 for assessment year 2024. Beginning with assessment year 2025, the limit will be annually adjusted by the commissioner of revenue pursuant to current law.</p> <p>Effective date: This section is effective beginning with assessment year 2024.</p>
	<p>No comparable provision.</p>	<p>Section 9. Property no longer eligible for deferment. Provides that property that received Green Acres tax deferment for assessment year 2012 and would have continued to receive the deferment for assessment years 2013 to 2023 but for an eminent domain action that reduced the total acreage to less than ten acres, may reapply, and if deemed eligible, continue to receive the deferment until the property no longer qualifies as agricultural land, or the property is</p>

Comparison Summary of H.F. 1938 – House (H1938-3) / Senate (UEH1938-1)

Section	HOUSE Article 3: Property Taxes	SENATE Article 3: Property Tax
		voluntarily withdrawn or sold, transferred, or subdivided. Effective date. This section is effective beginning with assessment year 2024.
6	Leasehold cooperatives. Allows property owners to qualify for homestead and property tax refunds by providing an ITIN on a homestead application. Effective date: This section is effective retroactively for homestead applications filed in 2023 and thereafter.	Section 10. Same.
7	Homestead application. Contains changes related to the ITIN provision. Effective date: This section is effective retroactively for homestead applications filed in 2023 and thereafter.	Section 11. Similar. Senate uses “tax” instead of “taxpayer” in reference to ‘individual taxpayer identification number.
8	Occupant list. Contains changes related to the ITIN provision. Effective date: This section is effective for homestead data provided to the commissioner in 2024 and thereafter.	Section 12. Same.
9	Property lists. Contains changes related to the ITIN provision. Effective date: This section is effective for homestead data provided to the commissioner in 2024 and thereafter.	Section 13. Same.
10	Homestead data. Contains changes related to the ITIN provision. Effective date: This section is effective for homestead data provided to the commissioner in 2024 and thereafter.	Section 14. Same.
11	Agricultural homesteads; special provisions. Contains changes related to the ITIN provision. Effective date: This section is effective retroactively for homestead applications filed in 2023 and thereafter.	Section 15. Same.
12	Private or nonpublic data. Contains changes related to the ITIN provision. Effective date: This section is effective retroactively for homestead applications filed in 2023 and thereafter.	Section 16. Same.
	No comparable provision.	Section 17. Requirement; class 4d(1). Makes a technical cross-reference update to the newly established class 4d(1) classification proposed in Section 21. Effective date: This section is effective beginning with assessment year 2024.
	No comparable provision.	Section 18. Approval; class 4d(1). Requires a property owner to receive approval by the governing body of the city or town where the property is

Comparison Summary of H.F. 1938 – House (H1938-3) / Senate (UEH1938-1)

Section	HOUSE Article 3: Property Taxes	SENATE Article 3: Property Tax
		<p>located before applying to the Housing Finance Agency for initial class 4d(1) classification, for property that was not, in whole or in part, classified as class 4d(1) prior to assessment year 2024. A property owner that received approval, and the required certification from the Housing Finance Agency, is not required to seek approval prior to applying in each subsequent year. Municipal approval is also not required if a property is located in a city or town in which the net tax capacity of class 4d(1) property did not exceed two percent of the jurisdiction's total net tax capacity in the prior assessment year.</p> <p>Effective date: This section is effective beginning with assessment year 2024.</p>
	No comparable provision.	<p>Section 19. Application; class 4d(1). Adds the additional approval requirement from Section 18 to the application submitted to the Housing Finance Agency for class 4d(1) designation.</p> <p>Effective date: This section is effective beginning with assessment year 2024.</p>
	No comparable provision.	<p>Section 20. Class 1. Modifies the classification tier rates for class 1c homestead resort property by providing that the first \$850,000 of market value is Tier 1 (0.5% rate); the market value from \$850,001 to \$3,100,000 is Tier II (1% rate); and any value over \$3,100,000 is Tier III (1.25% rate) and remains subject to the state general levy.</p> <p>Effective date: This section is effective beginning with assessment year 2024.</p>
13	<p>Class 4. Sets the classification rate at 0.75 percent for any community land trust unit that is owned and used as a homestead by the occupant, provided that (i) the community land trust owns the real property on which the unit is located, and (ii) the unit owner is a member in good standing of the community land trust.</p> <p>Effective date: This section is effective beginning with assessment year 2024 and thereafter.</p>	<p>Section 21. Different. Senate includes the same classification rate change for community land trust properties but sets the classification rate at 0.25 percent for class 4d(1) low-income rental properties.</p>
14	<p>Homestead of veteran with a disability or family caregiver.</p> <p>Allows surviving spouses of veterans who died before receiving the 100 percent permanent disability exclusion to apply for the exclusion any time after the death of the veteran, regardless of when the veteran died.</p> <p>This section also allows surviving spouses to reapply for the exclusion if they had previously received the exclusion and had the exclusion expire.</p> <p>No comparable provision.</p>	<p>Section 22. Different.</p> <p>No comparable provision.</p> <p>Similar. Minor inconsequential language differences.</p> <p>Increases, from \$150,000 to \$165,000 and from \$300,000 to \$330,000, the market value exclusion amounts.</p>

Comparison Summary of H.F. 1938 – House (H1938-3) / Senate (UEH1938-1)

Section	HOUSE Article 3: Property Taxes	SENATE Article 3: Property Tax
	Effective date: This section is effective beginning with assessment year 2023.	Same.
15	<p>Homestead market value exclusion. Increases value thresholds and the maximum exclusion amount for the homestead market value exclusion.</p> <p>This section also allows certain community land trust property to receive the exclusion.</p> <p>Effective date: This section is effective for assessment year 2024 and thereafter</p>	<p>Section 23. Similar. Senate proposes different increases to value thresholds and sets maximum valuation eligible for exclusion at \$517,200.</p> <p>Same.</p> <p>Same.</p>
16	<p>Class 1b homestead declaration 2009 and thereafter. Contains changes related to the ITIN provision.</p> <p>Effective date: This section is effective retroactively for homestead applications filed in 2023 and thereafter.</p>	Section 24. Same.
17	<p>Notice of proposed property taxes. Requires that the notice of proposed property tax statement, often called the truth in taxation (or TnT) statement, include the website of each local jurisdiction listed on the statement. If a jurisdiction does not have a website, this information is not required to be added to the statement.</p> <p>Effective date: This section is effective beginning with property taxes payable in 2024.</p>	No comparable provision.
18	<p>Notice of proposed property taxes required supplemental information. Modifies the contents of the supplemental information included in the proposed property tax statement. Under current law, summary budget information for the county, city, and school district must be included on the statement for each parcel. This section would remove this summary budget information from the statement and require the statement to include the levy change for the county, each city in the county, and each school district in the county.</p> <p>Effective date: This section is effective beginning with property taxes payable in 2024.</p>	No comparable provision.
19	<p>Costs. Allows counties the option to require local jurisdictions to reimburse the county for costs related to preparing and mailing the proposed property tax statement that are not reimbursed by the Department of Revenue, if the county chooses to do so. Under current law, local jurisdictions must reimburse the county for these costs.</p> <p>Effective date: This section is effective beginning with property taxes payable in 2024.</p>	No comparable provision.
	No comparable provision.	Section 25. Amount of tax; distribution. Modifies the definition of “attachments and appurtenances” of cooperative utility distribution lines to include all

Comparison Summary of H.F. 1938 – House (H1938-3) / Senate (UEH1938-1)

Section	HOUSE Article 3: Property Taxes	SENATE Article 3: Property Tax
		<p>cooperative association-owned metering and streetlighting equipment that is physically or electrically connected to the cooperative association’s distribution system.</p> <p>Effective date: This section is effective beginning with assessment year 2024.</p>
	<p>Article 12, section 7. Same.</p>	<p>Section 26. Rate. Removes a ten percent minimum interest rate on delinquent property taxes; allows a county board by resolution to set a lower interest rate on property taxes than the prime rate charged by banks during the six-month period ending on September 30 of that year.</p> <p>Effective date: Effective for property taxes, penalties, and costs determined to be delinquent on or after January 1, 2024.</p>
	<p>Article 12, section 8. Same.</p>	<p>Section 27. Interest rate. Allows a county board, or a county auditor if the county board has delegated its authority over tax-forfeited lands, to charge a lower interest rate on the unpaid balances of repurchase plans than the rate charged on delinquent taxes.</p> <p>Effective date: Effective January 1, 2024.</p>
20	<p>Homestead. Allows community land trust properties receiving the class 4d(2) classification to qualify for property tax refunds.</p> <p>Effective date: This section is effective for refund claims based on taxes payable in 2025 and thereafter.</p>	<p>Section 28. Same.</p>
	<p>Article 4, section 26. Different. Temporarily increases the targeting refund for refunds payable in 2023 only (based on 2023 property taxes payable). The threshold is reduced from 12 percent to six percent and the maximum refund is increased to \$2,500.</p>	<p>Section 29. Additional refund. Reduces, from 12 percent to ten percent, the annual increase threshold to qualify for the additional or “targeting” property tax refund, and increases, from \$1,000 to \$2,000, the maximum refund allowed.</p> <p>Effective date: This section is effective for refund claims based on taxes payable in 2024 and thereafter.</p>
21	<p>Program qualifications. Increases from \$60,000 to \$96,000 the household income limit for the senior citizens’ property tax deferral. The section also reduces from 15 to five the minimum number of years the homeowner must own and occupy the property to qualify.</p> <p>Effective date: This section is effective for applications for deferral of taxes payable in 2024 and thereafter.</p>	<p>Section 30. Same.</p>
22	<p>Excess-income certification by taxpayer. Conforming change related to senior citizens’ property tax deferral modifications.</p> <p>Effective date: This section is effective for applications for deferral of taxes payable in 2024 and thereafter.</p>	<p>Section 31. Same.</p>

Comparison Summary of H.F. 1938 – House (H1938-3) / Senate (UEH1938-1)

Section	HOUSE Article 3: Property Taxes	SENATE Article 3: Property Tax
23	<p>Resumption of eligibility certification by taxpayer. Conforming change related to senior citizens' property tax deferral modifications.</p> <p>Effective date: This section is effective for applications for deferral of taxes payable in 2024 and thereafter.</p>	<p>Section 32. Same.</p>
24	<p>Determination by commissioner. Conforming change related to senior citizens' property tax deferral modifications.</p> <p>Effective date: This section is effective for applications for deferral of taxes payable in 2024 and thereafter.</p>	<p>Section 33. Same.</p>
	<p>No comparable provision.</p>	<p>Section 34. Anoka County; public safety improvements and equipment levy. Extends, by ten years, the authority for Anoka County to levy for public safety improvements and equipment and provides that the county shall separately certify to the county auditor any property tax levied under this authority.</p> <p>Effective date: This section is effective upon approval by Anoka County with approval and filing requirements.</p>
	<p>No comparable provision.</p>	<p>Section 35. Area. Aligns the definition of the area included in the metropolitan fiscal disparities program with the definition of the area under the jurisdiction of the Metropolitan Council.</p> <p>Effective date: This section is effective for taxes payable in 2024 and thereafter.</p>
	<p>No comparable provision.</p>	<p>Section 36. Municipality. Aligns the definition of the municipalities included in the metropolitan fiscal disparities program with the definition of the municipalities under the jurisdiction of the Metropolitan Council.</p> <p>Effective date: This section is effective for taxes payable in 2024 and thereafter.</p>
25	<p>Northwest Minnesota Multi-County Housing and Redevelopment Authority; levy authority. Extends for ten years, until 2034, the property tax levy authority for the Northwest Minnesota Multi-County Housing and Redevelopment Authority. This allows the organization to levy up to 25 percent of the total permitted levy without the approval of the city or county within which the organization operates.</p> <p>Effective date: This section is effective the day after the governing body of the organization and its chief clerical officer comply with the requirements of Minnesota Statutes, section 645.021, subdivision 2 and 3.</p>	<p>Section 37. Same.</p>
	<p>No comparable provision.</p>	<p>Section 38. Class 4d(1); class rate reduction property tax savings report. Requires counties to identify no more than ten properties in the county with the greatest number of class 4d(1) units, and</p>

Comparison Summary of H.F. 1938 – House (H1938-3) / Senate (UEH1938-1)

Section	HOUSE Article 3: Property Taxes	SENATE Article 3: Property Tax
		<p>requires that each property owner be contacted and surveyed as to how each used property tax savings resulting from the class rate change. Counties must issue a report to the commissioner of revenue and the legislature.</p> <p>Effective date: This section is effective the day following final enactment.</p>

Section	HOUSE Article 4: Property Tax Aids, Credits, and Refunds	SENATE Article 4: Property Tax Aids
1	<p>Payment; school districts. Requires the electric generation transition aid in this article to be paid to school districts at the same time as other property tax related reimbursements.</p> <p>Effective date: This section is effective July 1, 2024.</p>	<p>Section 1. Similar, technical difference only.</p>
2	<p>Homeowners; homestead credit refund. Reduces homestead credit refund co-pay percentages for all income ranges by five percentage points.</p> <p>Effective date: Effective for refunds based on property taxes payable in 2024.</p>	<p>No comparable provision.</p>
3	<p>Inflation adjustment. Specifies that the statutory year for the inflation adjustment for the homestead credit refund is 2023.</p> <p>Effective date: Effective for refunds based on property taxes payable in 2024.</p>	<p>No comparable provision.</p>
4	<p>Population age 65 and over. Defines population age 65 and over for the purposes of the LGA formula.</p> <p>Effective date: This section is effective for aids payable in calendar year 2024 and thereafter.</p>	<p>Section 2. Same.</p>
5	<p>Transformed population. Defines transformed population for the purposes of the LGA formula. Transformed population is equal to the logarithm to the base 10 of the population and is used in the need factor formula for small cities.</p> <p>Effective date: This section is effective for aids payable in calendar year 2024 and thereafter.</p>	<p>Section 3. Same.</p>
6	<p>City revenue need. Changes the city revenue need calculations for all cities. The new need formulas are:</p> <p><u>Small cities (under 2,500)</u> $Need = (220.877 \times transformed\ pop.) + 196.487$</p> <p><u>Medium cities (2,500-9,999)</u> $Need = 1.15 \times ((6.667 \times pre-40\ housing\ perc.) + (9.215 \times commercial\ industrial\ utility\ perc.) + (16.081 \times peak\ population\ decline) + 497.308)$</p> <p><u>Large cities (10,000 or more)</u> $Need = 1.15 \times ((8.572 \times pre-40\ housing\ perc.) + (11.494 \times city\ age\ index))$</p>	<p>Section 4. Same.</p>

Comparison Summary of H.F. 1938 – House (H1938-3) / Senate (UEH1938-1)

Section	HOUSE Article 4: Property Tax Aids, Credits, and Refunds	SENATE Article 4: Property Tax Aids
	<p>+ (5.719 × <i>commercial industrial utility perc.</i>) + (9.484 × <i>peak population decline</i>) + 293.056)</p> <p>Effective date: This section is effective for aids payable in calendar year 2024 and thereafter.</p>	
7	<p>City age index. Defines city age index for the purposes of the LGA formula. City age index is the share of a city’s population age 65 and over and is used in the need factor formula for large cities.</p> <p>Effective date: This section is effective for aids payable in calendar year 2024 and thereafter.</p>	Section 5. Same.
8	<p>Commercial industrial utility percentage. Defines commercial industrial utility percentage for the purposes of the LGA formula. Commercial industrial utility percentage is the share of a city’s tax base classified as class 3 property and is used in the need factor formula for medium and large cities.</p> <p>Effective date: This section is effective for aids payable in calendar year 2024 and thereafter.</p>	Section 6. Same.
9	<p>Definitions. References the definition for population age 65 and over in section 1 for the purposes of the county program aid (CPA) formula. The definitions are the same and the county program aid calculation is unchanged.</p> <p>Effective date: This section is effective for aids payable in calendar year 2024 and thereafter.</p>	<p>Section 7. Amendment to paragraph (e) same.</p> <p>Senate also includes new definitions for “group A offenses” and “adjusted offenses.” for the purposes of the CPA formula. (Beginning with data reported for 2021, the FBI and Bureau of Criminal Apprehension no longer classify crimes as “part I” or “part II” crimes. Instead, crimes are classified as “group A” and “group B” offenses. In general, group A offenses include all the part I crimes plus additional types of serious offenses. The language proposed here will transition to the CPA calculation to use a count of “group A” offenses.)</p>
	No comparable provision.	Section 8. Conforming change to new county program aid definitions in section 7.
10	<p>City formula aid. Removes a reference to certified aid adjustments, which are repealed in this article.</p> <p>Effective date: This section is effective for aids payable in calendar year 2024 and thereafter.</p>	Section 9. Same.
11	<p>City aid distribution. Removes a reference to certified aid adjustments, which are repealed in this article. This section also eliminates outdated language.</p> <p>Effective date: This section is effective for aids payable in calendar year 2024 and thereafter.</p>	Section 10. Same.
	No comparable provision.	<p>Section 11. Calculations and payments. Removes specific references to obsolete and unneeded LGA computational factors. Clarifies the commissioner’s authority to adjust computational factors in cases of city annexations. Makes other technical changes. Effective beginning for aids payable in 2024.</p>

Comparison Summary of H.F. 1938 – House (H1938-3) / Senate (UEH1938-1)

Section	HOUSE Article 4: Property Tax Aids, Credits, and Refunds	SENATE Article 4: Property Tax Aids
	No comparable provision.	Section 12. Payment dates. Requires the commissioner to pay 12.39 percent of local government aid payable in 2025 on March 20, 2025. The remaining amounts would be paid on the normal biannual payment dates. Effective beginning for aids payable in 2024.
12	Cities. Increases the LGA appropriation by \$100,000,000 to \$664,398,012, annually increases the appropriation, and eliminates outdated language. Effective date: This section is effective for aids payable in calendar year 2024 and thereafter.	Section 13. Different. Senate proposes \$604,398,012 annual aid amount and does not provide for annual inflation adjustment of the aid amount.
13	Counties. Increases the CPA appropriation by \$100,000,000 to \$364,668,444, annually increases the appropriation, and eliminates outdated language. The appropriation increase is split proportionally between the need aid and tax base equalization aid appropriations. Effective date: This section is effective for aids payable in calendar year 2024 and thereafter.	Section 14. Different. Senate proposes \$304,668,444 annual aid amount and does not provide for annual inflation adjustment of the aid amount.
14	Inflation adjustment. Determines the annual percentage increase for the LGA and CPA appropriations. The first increase in the appropriations would occur for aids payable in 2026. The increase is equal to the sum of the percentage increase of an annual inflation measure plus the percentage increase of the total statewide city population. The annual change must be at least 2.5 percent but not greater than five percent. Effective date: This section is effective for aids payable in calendar year 2024 and thereafter.	No comparable provision.
15	Types of land; payments. Increases from \$2 per acre to \$3 per acre PILT payments for county-administered and Department of Natural Resources-administered other natural resources land. This section also creates two additional PILT payment amounts for counties with a high proportion of acreage that qualifies for PILT. For counties where PILT eligible acreage is equal to or greater than 25 percent of the county’s total acreage, payments are increased by \$0.18 per acre of PILT eligible land. For counties where PILT eligible acreage is between ten and 25 percent of the county’s total acreage, payments are increased by \$0.08 per acre of PILT eligible land. Effective date: This section is effective beginning with aids payable in 2024.	Section 15. Different. Senate proposes to increase per-acre amount only for county-administered and commissioner-administered other natural resources land from \$2 per acre to \$2.25 per acre.
	See also: House section 29 repeals program for aid payable in 2024 and later.	Section 16. Aid eligibility; payment [utility valuation transition aid]. Modifies the eligibility criteria for the utility valuation transition aid program. Requires that a city or town must have generated aid in the previous year to remain eligible for aid in 2024 and

Comparison Summary of H.F. 1938 – House (H1938-3) / Senate (UEH1938-1)

Section	HOUSE Article 4: Property Tax Aids, Credits, and Refunds	SENATE Article 4: Property Tax Aids
		later. Phases the aid program out entirely after 2026. Effective beginning for aids payable in 2024.
16	<p>Determination of appraised value. Prevents the appraised value of acquired natural resources land from decreasing from one appraisal to the next.</p> <p>Effective date: This section is effective beginning with aids payable in 2024.</p>	No comparable provision.
17	<p>Adjustment. Indexes to inflation PILT payment amounts for all natural resources lands.</p> <p>Effective date: This section is effective beginning with aids payable in 2024.</p>	No comparable provision.
18	<p>Soil and water conservation district aid. Establishes a new state aid program for soil and water conservation districts. The aid would distribute \$22,000,000 in 2023 and 2024, and \$14,000,000 annually thereafter. Of this amount, 70 percent would be distributed equally among all districts, 20 percent would be distributed according to each district’s proportional share of nonpublic land, and ten percent would be distributed based on the cube root of each district’s population.</p> <p>Effective date: This section is effective beginning with aids payable in 2023.</p>	<p>Section. 17. Similar.</p> <p>Senate provides different definitions governing the final calculation of “nonpublic land” and specifically includes Hennepin and Ramsey counties in the definition of “soil and water conservation district.”</p> <p>Senate does not include purpose statement.</p> <p>Technical differences in language re: aid distribution, use of proceeds, and aid amount corrections..</p> <p>Different annual aid amounts.</p>
19	<p>Electric generation transition aid. Establishes an electric generation transition aid for counties, cities, townships, and school districts that lose tax base when an electric generation plant is retired. The initial aid amount is equal to the tax base lost due to the retirement times the jurisdiction’s tax rate in the year prior to the tax base loss. The aid is phased out over 20 years. The aid would be eliminated earlier than that if the jurisdiction recovers a sufficient amount of tax base.</p> <p>Effective date: This section is effective for aids payable in 2024 and thereafter.</p>	Section 18. Same.
20	<p>Local homeless prevention aid. Adds Tribal governments to the distribution of local homeless prevention aid. This section also increases the overall annual appropriation for the aid to \$40,000,000 and pushes out the expiration of the aid to 2031. Of the overall aid amount, 12 percent would go to Tribal governments and 88 percent would be distributed to counties.</p> <p>Effective date: This section is effective beginning with aids payable in 2023 and thereafter.</p>	No comparable provision. See also Senate article 4, section 26 re: Tribal nation housing and homelessness aid.
21	<p>Mahnomen property tax reimbursement aid. Codifies the Mahnomen County property tax reimbursement currently in session law. The section creates a state aid that pays the same amounts to the same jurisdictions as the session law currently distributes, except that the distribution to the city of Mahnomen is increased by \$160,000, an amount</p>	Section 19. Similar. Senate proposes different allocation of additional aid between county and city.

Comparison Summary of H.F. 1938 – House (H1938-3) / Senate (UEH1938-1)

Section	HOUSE Article 4: Property Tax Aids, Credits, and Refunds	SENATE Article 4: Property Tax Aids
	<p>equal to the annual certified aid adjustment paid to the city, which is repealed in this article.</p> <p>Effective date: This section is effective for aids payable in calendar year 2024 and thereafter.</p>	
22	<p>Local affordable housing aid. Establishes an aid program for Tribal Nations and local governments to develop and rehabilitate affordable housing; establishes a grant program for small cities not qualifying for aid; provides rules for distributing funds and administering the program; defines qualifying uses of the funds; appropriates money annually to the program.</p> <p>Subd. 1. Purpose. States purpose to help Tribal Nations and local governments develop and preserve affordable housing.</p> <p>Subd. 2. Definitions. Sets distribution factors for counties and for cities with populations over 10,000, based on each government unit’s share of cost-burdened households paying more than 30 percent of their income towards housing.</p> <p>Subd. 3. Distribution. Provides that counties will receive \$6,000 plus a proportionate share of the amount of money available to counties based on each county’s number of cost-burdened households. Provides that cities with populations over 10,000 will receive a proportionate share of the amount of money available to cities based on each city’s number of cost-burdened households.</p> <p>Subd. 4. Grants to tier II cities. Establishes a grant program with the Minnesota Housing Finance Agency (MHFA) for cities with populations under 10,000; allows MHFA to create program guidelines and procedures.</p> <p>Subd. 5. Qualifying projects. Defines a qualifying project as one to develop or rehabilitate housing affordable to families at or below 115 percent of the greater of state or area median income for homeownership projects, or at or below 80 percent of the greater of state or area median income for rental properties. These requirements mirror the project requirements of the economic development and housing challenge program. Allows for deviation from the income limits on rental housing in nonmetropolitan local governments that establish a need for workforce housing. Allows for Tribal Nations to spend money on rental assistance.</p> <p>Subd. 6. Use of proceeds. Requires that distributed funds either be spent on a qualifying project or returned to DOR.</p>	<p>No comparable provision. See also Senate article 4, section 26 re: Tribal nation housing and homelessness aid.</p>

Comparison Summary of H.F. 1938 – House (H1938-3) / Senate (UEH1938-1)

Section	HOUSE Article 4: Property Tax Aids, Credits, and Refunds	SENATE Article 4: Property Tax Aids
	<p>Subd. 7. Administration. Requires DOR to certify the amount available to cities and counties and to distribute funds; requires DOR to compute the amount necessary for MHFA to operate a \$3,400,000 fund for the grant program under subdivision 4; requires DOR to transfer money to MHFA and distribute aid under the program; requires cities and counties to report on use of the funds to MHFA for certification that the funds were used for a qualifying project; requires cities and counties to return funds to DOR if they misspend funds, fail to report on use of funds, or fail to use funds; requires DOR to redistribute returned funds to cities and counties.</p> <p>Subd. 8. County consultation with local governments. Requires counties to consult with the local governments where county projects are located.</p> <p>Subd. 9. Appropriation. Appropriates \$24,000,000 from the general fund annually for distribution to counties; appropriates \$6,800,000 from the general fund annually for distribution to cities; appropriates \$4,200,000 from the general fund annually for distribution to Tribal Nations. In fiscal years 2024 and 2025, increases the amount appropriated to counties by \$10,200,000, to cities by \$3,000,000, and to Tribal Nations by \$1,800,000.</p> <p>Effective date: Effective for aids payable in calendar year 2023.</p>	
23	<p>Mahnomen County; county, city, school district, property tax reimbursement. Sets an expiration date for the Mahnomen County property tax reimbursement currently in session law. These reimbursements are codified and converted to a state aid in this article.</p> <p>Effective date: This section is effective for aids payable in calendar year 2024 and thereafter.</p>	Section 20. Same.
24	<p>Study of state-owned lakeshore. Requires the commissioner of revenue, in consultation with the Department of Natural Resources and counties, to produce a report on valuation methods used to value acreage and shoreline areas within other natural resources land. A copy of the report must be provided to the taxes committees by January 31, 2025.</p> <p>Effective date: This section is effective the day following final enactment.</p>	No comparable provision.
25	<p>Onetime increase in the renter’s credit and homestead credit state refund. Temporarily increases homestead credit refund and renter’s credits for all claimants by 13.8 percent. This increase would apply to 2023 refunds only (based</p>	No comparable provision.

Comparison Summary of H.F. 1938 – House (H1938-3) / Senate (UEH1938-1)

Section	HOUSE Article 4: Property Tax Aids, Credits, and Refunds	SENATE Article 4: Property Tax Aids
	<p>on rent paid in 2022 and property taxes payable in 2023).</p> <p>Effective date: Refunds based on property taxes payable in 2023 and rent paid in 2022.</p>	
26	<p>Targeting property tax refund; temporary increase for property taxes payable in 2023. Temporarily increases the additional “targeting” refund for homeowners who experienced large year-over-year property tax increases. For refunds payable in 2023 only (based on 2023 property taxes payable), the refund would apply to homeowners with increases larger than six percent, and the maximum refund would be \$2,500.</p> <p>Effective date: Refunds based on property taxes payable in 2023.</p>	<p>See Senate article 3, section 29 re: permanent increase to targeting property tax refund program.</p>
27	<p>2021 aid penalty forgiveness; Echo. Provides that the city of Echo will receive the portions of its 2021 local government aid and 2021 small cities assistance payment that were withheld, provided that the state auditor certifies that it received the city’s annual financial report for 2020. The total amount of withheld aid that would be paid to the city is \$46,060.</p> <p>Effective date: This section is effective the day following final enactment.</p>	<p>Section 21. Similar. Technical differences only in language. Senate provides specific appropriation authority.</p>
28	<p>2021 aid penalty forgiveness; Morton. Provides that the city of Morton will receive the portions of its 2021 local government aid and 2021 small cities assistance payment that were withheld, provided that the state auditor certifies that it received the city’s annual financial report for 2020. The total amount of withheld aid that would be paid to the city is \$79,476.</p> <p>Effective date: This section is effective the day following final enactment.</p>	<p>Section 21. Similar. Technical differences only in language. Senate provides specific appropriation authority.</p>
	<p>No comparable provision.</p>	<p>Section 22. 2023 public safety aid. Establishes an aid program to distribute one-time public safety aid among qualifying local governments and Tribal governments in calendar year 2023. Requires that the aid recipient use the proceeds to provide public safety. Provides a formula to allocate aid among counties, Tribal governments, cities, and qualifying towns. Appropriates \$300 million in fiscal year 2024; 30 percent of the appropriation is for aid to counties and Tribal governments and 70 percent of the appropriation is for aid to cities and qualifying towns. Provides for other administrative authority and duties related to the aid program. Effective for aid payable in 2023.</p>
	<p>No comparable provision.</p>	<p>Section 23. City of Hibbing; 2024 city formula aid adjustment. Provides a formula aid adjustment for the City of Hibbing for local government aid payable in 2024. The certified 2024 aid amount for the city would become an input to the calculation of aid</p>

Comparison Summary of H.F. 1938 – House (H1938-3) / Senate (UEH1938-1)

Section	HOUSE Article 4: Property Tax Aids, Credits, and Refunds	SENATE Article 4: Property Tax Aids
		payable in 2025. Effective for aids payable in 2024 only.
	No comparable provision.	<p>Section 24. Crisis response and criminal investigation grants; special revenue account; appropriation. Appropriates money from the special revenue fund in fiscal years 2024 to 2028 to the commissioner of public safety for grants to local governments and local law enforcement agencies to improve responses to situations involving individuals experiencing a mental health crisis and to improve criminal investigations. Authorizes the Office of Justice Programs to retain a portion of the appropriation in each year for administrative expenses.</p> <p>See also S.F. 2909, third engrossment, article 1, section 25.</p>
	No comparable provision.	<p>Section 25. Crisis response and criminal investigation account; transfer. Transfers money in fiscal year 2024 only from the general fund to the crisis response and criminal investigation account in the special revenue fund.</p> <p>See also S.F. 2909, third engrossment, article 1, section 26.</p>
	No comparable provision. See also House article 4, section 22, re: local affordable housing aid.	<p>Section 26. Tribal nation housing and homelessness aid. Establishes an aid program to distribute \$44 million of one-time aid to tribal governments in Minnesota for homelessness prevention, emergency shelter, and other needs related to housing instability and homelessness. Aid would be distributed to all tribes that submit a request for aid by July 1, 2023. Aid recipients must submit a report to the commissioner by February 1, 2024. The commissioner must compile the reports and submit them to the chairs, and ranking minority members of the house and senate committees with jurisdiction over taxes. Effective the day following final enactment.</p>
	Similar to House article 12, section 35. Technical differences only.	<p>Section 27. Appropriation; City of Spring Grove fire remediation grant. Appropriates \$250,000 from the general fund for a grant to the City of Spring Grove to remediate the effects of a December 2022 fire. The city must use the money for remediation costs incurred by public or private entities because of the fire, including disaster recovery, infrastructure, reimbursement for emergency personnel costs, reimbursement for equipment costs, and reimbursement for property tax abatements. Effective July 1, 2023.</p>
	No comparable provision.	<p>Section 28. Appropriation; Class 4d(1) low-income rental property 2025 and 2026 transition aid. Provides transition aid in 2025 and 2026 only for cities in which the net tax capacity of 4d(1) property exceeds two percent of the total net tax capacity in assessment year 2023. Provides that the transition aid is calculated as a function of the city's pay 2024</p>

Comparison Summary of H.F. 1938 – House (H1938-3) / Senate (UEH1938-1)

Section	HOUSE Article 4: Property Tax Aids, Credits, and Refunds	SENATE Article 4: Property Tax Aids
		tax rate and an approximation of the reduction in 4d(1) net tax capacity attributable to the classification rate and tier consolidation changes effective beginning in assessment year 2024. Directs the commissioner to pay transition aid concurrent with local government aid payments in 2025 and 2026. Appropriates money to pay the transition aid. Effective for aids payable in 2025 and 2026 only.
29	<p>Repealer. Repeals definitions of need factors no longer used in the LGA formula: percent of housing built between 1940 and 1970; household size; and jobs per capita in the city. This section repeals the definitions of sparsity adjustments, which are eliminated from the LGA formula. This section also repeals certified aid adjustments. Currently, the city of Mahanomen is the only city receiving a certified aid adjustment. This annual increase in LGA is replaced with an increase in property tax reimbursement aid established in this article. This section also repeals the current utility valuation transition aid program. This is replaced by the electric generation transition aid established in this article.</p> <p>Effective date: This section is effective for aids payable in calendar year 2024 and thereafter.</p>	<p>Section 29. Similar, except that Senate does not repeal utility valuation transition aid.</p> <p>See also Senate article 4, section 16 re: utility valuation transition aid phaseout.</p>

Section	HOUSE Article 5: Sales and Use Taxes	SENATE Article 5: Sales and Use Taxes
	No comparable provision.	<p>Section 1. Use of a portion of county fair revenues. Strikes language pertaining to use of sales tax savings between owners and non-owners of fairgrounds and retains language that requires a county agricultural society to use that amount to maintain, improve, or expand buildings and facilities located at the fairgrounds.</p> <p>Effective date: Day following final enactment.</p>
1	<p>Cannabis. Creates a new definition of “cannabis” for the purposes of state sales tax.</p> <p>Effective date: This section is effective the day following final enactment, unless a bill styled as H.F. 100 is enacted during the 2023 regular session, then this section does not take effect.</p>	No comparable provision.
2	<p>Adult-use cannabis. Creates a new definition of “adult-use cannabis” for the purposes of state sales tax.</p> <p>Effective date: This section is effective the day following final enactment, unless a bill styled as H.F. 100 is enacted during the 2023 regular session, then this section does not take effect.</p>	No comparable provision.
3	<p>Adult cannabis product. Creates a definition of “Adult-use cannabis product” for the purposes of state sales tax.</p>	No comparable provision.

Comparison Summary of H.F. 1938 – House (H1938-3) / Senate (UEH1938-1)

Section	HOUSE Article 5: Sales and Use Taxes	SENATE Article 5: Sales and Use Taxes
	<p>Effective date: This section is effective the day following final enactment, unless a bill styled as H.F. 100 is enacted during the 2023 regular session, then this section does not take effect.</p>	
4	<p>Food and food ingredients. Clarifies that adult-use cannabis and adult-use cannabis products are not included in the definition of “food and food products” within the sales tax chapter.</p> <p>Effective date: This section is effective the day following final enactment, unless a bill styled as H.F. 100 is enacted during the 2023 regular session, then this section does not take effect.</p>	No comparable provision.
5	<p>Drugs; medical devices. Clarifies that adult-use cannabis and adult-use cannabis products are not included in the definition of “drugs” within the sales tax chapter.</p> <p>Effective date: This section is effective the day following final enactment, unless a bill styled as H.F. 100 is enacted during the 2023 regular session, then this section does not take effect.</p>	No comparable provision.
6	<p>Baby products. Expands the current exemption on baby products to include wipes, cribs and bassinets, crib and bassinet mattresses, sheets, changing tables and pads, strollers, car seats, swings, bottle sterilizers, and eating utensils.</p> <p>Effective date: This section is effective for sales and purchases made after June 30, 2023.</p>	Section 2. Same.
	No comparable provision.	<p>Section 3. Firearm storage units. Provides an exemption for secure firearm storage units. Defines “secure firearm storage unit” as a fully enclosed container that is locked by padlock, keylock, combination lock, or similar locking device, that is either specifically designed for safe storage of firearms or is sold for that purpose by a federally licensed firearms dealer. “Firearm” has the meaning provided under current law: a gun that discharges shot or a projectile by means of an explosive, a gas, or compressed air.</p> <p>Prohibits sellers of secure firearm storage units from collecting or transmitting data or information about a purchaser of a secure firearm storage unit.</p> <p>Effective date: Sales and purchases made after June 30, 2023.</p>
7	<p>Sales of property used in a trade or business. Allows a sale between the sole member of an LLC that is a disregarded entity and the LLC to qualify for the sales tax exemption for tangible property used in a trade or business that is not in the business of selling that property.</p> <p>Effective date: This section is effective for sales and purchases made after June 30, 2023.</p>	No comparable provision
	No comparable provision.	Section 4. Fiber and conduit; broadband and Internet access. Exempts fiber and conduit

Comparison Summary of H.F. 1938 – House (H1938-3) / Senate (UEH1938-1)

Section	HOUSE Article 5: Sales and Use Taxes	SENATE Article 5: Sales and Use Taxes
		<p>purchased or leased for use directly by a broadband or internet service provider primarily in the provision of broadband or internet access services that are ultimately sold at retail.</p> <p>Effective date: Sales and purchases made after June 30, 2023.</p>
	<p>No comparable provision.</p>	<p>Section 5. Amenities included with the privilege of admission. Exempts the sale of amenities when sold by the seller of the privilege of admission, including but not limited to food and beverages, parking services, and promotional items that are included in the sales price of the privilege of admission. The exempt portion of the sale of the privilege of admission is equal to the purchase price of the amenity if sales or use tax was paid on the amenity when purchased by the seller. Requires the seller to retain records the sales price and tax paid by the seller when purchasing the amenities and the price and tax collected when the seller sells the privilege of admission.</p> <p>Effective date: Retroactively for sales and purchases made after June 30, 2022.</p>
8	<p>Sales to government. Clarifies that the purchase by a government entity of adult-use cannabis and adult-use cannabis products is not exempt from state sales tax.</p> <p>Effective date: This section is effective the day following final enactment, unless a bill styled as H.F. 100 is enacted during the 2023 regular session, then this section does not take effect.</p>	<p>No comparable provision.</p>
9	<p>Sales to nonprofit groups. Clarifies that the purchase by a nonprofit entity of adult-use cannabis or adult-use cannabis products is not exempt from state sales tax.</p> <p>Effective date: This section is effective the day following final enactment, unless a bill styled as H.F. 100 is enacted during the 2023 regular session, then this section does not take effect.</p>	<p>No comparable provision.</p>
	<p>No comparable provision.</p>	<p>Section 6. Hospitals, outpatient surgical centers, critical access dental providers, and blood centers.</p> <p>Adds blood centers to the exemption for sales to and purchases by certain medical and dental facilities. Defines “blood center” as a 501(c)(3) nonprofit organization that is:</p> <ul style="list-style-type: none"> ▪ registered as a “blood establishment” under the Code of Federal Regulations; ▪ a human cells, tissues and cellular and tissue-based products establishment under the Code of Federal Regulations; or ▪ a clinical lab that performs infectious disease testing blood typing, and other laboratory testing services in connection with blood processing for human transfusion under the Code of Federal Regulations.

Comparison Summary of H.F. 1938 – House (H1938-3) / Senate (UEH1938-1)

Section	HOUSE Article 5: Sales and Use Taxes	SENATE Article 5: Sales and Use Taxes
		<p>Provides that, unlike the exemption for hospitals, outpatient surgical centers, and critical access dental providers, the exemption for blood centers applies to leases by a blood center of a truck bus, or passenger automobile if those vehicles are used for the purposes of the blood center. Adds references to blood centers to specify the products and services to which the exemption does not apply.</p> <p>Effective date: retroactively for sales and purchases made after December 31, 2019.</p>
10	<p>Nursing homes and boarding care homes. Clarifies that the purchase by nursing homes and boarding care homes of adult-use cannabis and adult-use cannabis products is not exempt from state sales tax.</p> <p>Effective date: This section is effective the day following final enactment, unless a bill styled as H.F. 100 is enacted during the 2023 regular session, then this section does not take effect.</p>	No comparable provision.
11	<p>Nonprofit snowmobile clubs; machinery and equipment. Expands the exemption that nonprofit snowmobile clubs receive to include materials and supplies used or consumed in and equipment incorporated into the construction and maintenance of trails. The expansion of the exemption expires July 1, 2027.</p> <p>Effective date: This section is effective for sales and purchases made after June 30, 2023, and before July 1, 2027.</p>	<p>Section 7. Similar. Minor language differences. Senate exemption does not expire.</p> <p>Effective date: For sales and purchases made after June 30, 2023.</p>
	No comparable provision.	<p>Section 8. County agricultural society sales at county fairs. Clarifies the exemption for sales by county agricultural societies during regularly scheduled county fairs. The exemption does not apply to sales for county fair events held at a time other than the regularly scheduled county fair or for events not held on the county fairgrounds.</p> <p>Effective date: Day following final enactment.</p>
	No comparable provision.	<p>Section 9. Properties destroyed by fire. Extends the end date of the exemption for construction materials used in the replacement of real property affected by, and capital equipment destroyed in the fire in Mazeppa on March 11, 2018 to sales and purchases made before January 1, 2025.</p> <p>Effective date: Retroactively for sales and purchases made after March 11, 2018, and before January 1, 2025.</p>
	No comparable provision. Exemption is covered by House section 14.	<p>Section 9. Construction materials; certain local government facilities. Exempts materials and supplies used in, and equipment incorporated into the construction, reconstruction, upgrade, expansion, or remodeling of the North Metro Regional Training Facility, if purchased after August 31, 2021, and before December 31, 2023. The tax</p>

Comparison Summary of H.F. 1938 – House (H1938-3) / Senate (UEH1938-1)

Section	HOUSE Article 5: Sales and Use Taxes	SENATE Article 5: Sales and Use Taxes
		<p>must be paid upfront and then refunded under the provisions of current law.</p> <p>Effective date: Retroactively for sales and purchases made after August 31, 2021, and before December 31, 2023.</p>
12	<p>Sales and use tax exemption; certain natural gas fees. Provides a sales tax exemption for fees related to natural gas used as a primary source of residential heating during the period February 13 – February 17, 2021, but applied to customers’ billing statements in the nonexempt months of May to October.</p> <p>The fee must be separately stated on a billing statement and labeled as a fee subject to a cost recovery plan for increased natural gas prices during the period February 13 – 17, 2021. The exemption is retroactive to fees applied to customers’ bills beginning September 1, 2021, through June 30, 2023.</p> <p>Utilities would apply for a refund of sales taxes remitted during that period and then credit customers for sales taxes paid. The exemption would be upfront for the period July 1, 2023, through December 31, 2026.</p> <p>Effective date: This section is effective retroactively for fees applied to sales and purchases of natural gas that are billed from September 1, 2021, to December 31, 2026.</p>	<p>Section 11. Similar. Minor language differences.</p>
13	<p>Sales tax holiday; school supplies. Establishes a temporary sales tax holiday for certain school supplies and book bags that will occur for sales made on August 15, 2023, through August 21, 2023. Provides a definition of “school supplies.”</p> <p>Effective date: This section is effective the day following final enactment.</p>	<p>No comparable provision.</p>
14	<p>Temporary sales tax exemption for construction materials; certain entities. Provides a temporary exemption for construction materials used or consumed in the construction, reconstruction, repair, maintenance, or improvement of buildings or facilities if purchased after June 30, 2021, and before January 1, 2025, for the following entities:</p> <ul style="list-style-type: none"> ▪ school districts; ▪ local governments; ▪ libraries; ▪ nonprofit groups or hospitals; ▪ outpatient surgical centers; ▪ critical access dental providers; ▪ nursing homes; and ▪ boarding care homes. <p>Also provides an exemption for construction materials consumed in the construction, reconstruction, repair, maintenance, or improvements to roads, bridges, culverts, drinking</p>	<p>No comparable provision.</p>

Comparison Summary of H.F. 1938 – House (H1938-3) / Senate (UEH1938-1)

Section	HOUSE Article 5: Sales and Use Taxes	SENATE Article 5: Sales and Use Taxes
	<p>water facilities, and wastewater facilities for school districts and local governments.</p> <p>Tax is paid at the time of sale and then refunded. Claims for refunds of sales tax paid must be remitted to the commissioner after June 30, 2023, and before February 28, 2025.</p> <p>Effective date: This section is effective retroactively for sales and purchases made after June 30, 2021, and before January 1, 2025.</p>	
	<p>No comparable provision.</p>	<p>Section 12. Beltrami County; sales tax exemption for construction materials. Exempts materials and supplies used or consumed in and equipment incorporated into the construction of a new county jail. The tax must be paid upfront and then refunded under the provisions of current law.</p> <p>Effective date: For sales and purchases made after March 31, 2024, and before January 1, 2028.</p>
15	<p>City of Chanhassen; sales tax exemption for construction materials. Provides a refundable sales tax exemption on materials and supplies used in and equipment incorporated into the construction of a new city hall and senior center, city council chambers, and park amenities in the city of Chanhassen, provided the purchases occur after December 31, 2024, and before February 1, 2027.</p> <p>Effective date: This section is effective the day following final enactment and applies to sales and purchases made after December 31, 2024, and before February 1, 2027.</p>	<p>Section 13. Similar. Minor language differences.</p>
	<p>No comparable provision.</p>	<p>Section 14. Chisolm Public Schools; sales tax exemption for construction materials. Exempts materials and supplies used in and equipment incorporated into construction and renovation projects for Chisolm Elementary School and Vaughn Steffensrud School. The tax must be paid upfront and then refunded under the provisions of current law.</p> <p>Effective date: Retroactively for sales and purchases made after December 31, 2021, and before January 1, 2025.</p>
	<p>No comparable provision. Exemption is covered by House section 14.</p>	<p>Section 15. Duluth Public Schools; sales tax exemption for construction materials. Exempts materials and supplies used in and equipment incorporated into construction of an administrative building and a transportation facility for Duluth Public Schools. The tax must be paid upfront and then refunded under the provisions of current law.</p> <p>Effective date: Retroactively for sales and purchases made after June 30, 2021, and before January 1, 2025.</p>
16	<p>City of Edina; sales tax exemption for construction materials. Provides a refundable sales tax exemption on materials and supplies used in and equipment incorporated into the construction of a community health and safety center in the city of</p>	<p>No comparable provision.</p>

Comparison Summary of H.F. 1938 – House (H1938-3) / Senate (UEH1938-1)

Section	HOUSE Article 5: Sales and Use Taxes	SENATE Article 5: Sales and Use Taxes
	<p>Edina, provided the purchases occur after December 31, 2024, and before January 1, 2026.</p> <p>Effective date: This section is effective the day following final enactment and applies to sales and purchases made after December 31, 2024, and before January 1, 2026.</p>	
17	<p>Ely Public Schools; sales tax exemption for construction materials. Provides a retroactive, refundable sales tax exemption on materials and supplies used in and equipment incorporated into renovations and construction of an elementary school and high school in ISD No. 696, provided the purchases occur after May 1, 2019, and before July 1, 2021.</p> <p>Effective date: This section is effective retroactively from May 2, 2019, and applies to sales and purchases made after May 1, 2019, and before July 1, 2021.</p>	<p>Section 16. Different. Senate exemption applies to sales and purchases made after May 1, 2019, and before January 1, 2024. Allows claims for refund to be filed until June 1, 2027.</p> <p>Effective date: Retroactively for sales and purchases made after May 1, 2010, and before January 1, 2024.</p>
18	<p>Hibbing public schools; sales tax exemption for construction materials. Provides a retroactive, refundable sales tax exemption on materials and supplies used in and equipment incorporated into construction of an Early Childhood Family Education Center and improvements to an athletic facility in ISD No. 701, provided the purchases occur after May 1, 2019, and before July 1, 2021.</p> <p>Effective date: This section is effective retroactively from May 2, 2019, and applies to sales and purchases made after May 1, 2019, and before July 1, 2021.</p>	<p>Section 17. Different. Senate also provides an exemption for materials used in and supplies used in and equipment incorporated into a reroofing project at Hibbing Washington Elementary School and a restroom remodel project at Hibbing High School. Senate exemption applies to sales and purchases made after May 1, 2019, and before January 1, 2025.</p> <p>Effective date: Retroactively for sales and purchases made after May 1, 2010, and before January 1, 2025.</p>
	<p>No comparable provision.</p>	<p>Section 18. Sales tax exemption for construction materials; Itasca County. Exempts materials and supplies used or consumed in and equipment incorporated into the construction of the Itasca County courthouse and a new correctional facility. The tax must be paid upfront and then refunded under the provisions of current law.</p> <p>Effective date: Retroactively for sales and purchases made after April 30, 2021, and before and before January 1, 2025.</p>
19	<p>Minneapolis-St. Paul International Airport; sales tax exemption for construction materials. Provides a refundable sales tax exemption on materials and supplies used in and equipment incorporated into the construction, reconstruction, repair, maintenance, or improvements to public infrastructure at the MSP International Airport if purchased by a contractor or subcontractor, provided the purchases occur after December 31, 2024, and before January 1, 2028.</p> <p>Effective date: This section is effective the day following final enactment and applies to sales and purchases made after December 31, 2024, and before January 1, 2028.</p>	<p>Section 19. Different. Senate exemption applies to sales and purchases made after June 30, 2023, and before July 1, 2024 and limits the total amount of refunds that may be claimed to \$8 million.</p> <p>Effective date: Retroactively for sales and purchases made after June 30, 2023, and before July 1, 2024.</p>

Comparison Summary of H.F. 1938 – House (H1938-3) / Senate (UEH1938-1)

Section	HOUSE Article 5: Sales and Use Taxes	SENATE Article 5: Sales and Use Taxes
20	<p>City of Moorhead; sales tax exemption for construction materials. Provides a refundable sales tax exemption on materials and supplies used in and equipment incorporated into construction, reconstruction, upgrade, expansion, renovation, or remodeling of a regional library and community center in the city of Moorhead, provided the purchases occur after December 31, 2024, and before April 1, 2027.</p> <p>Effective date: This section is effective the day following final enactment and applies to sales and purchases made after December 31, 2024, and before April 1, 2027.</p>	<p>Section 20. Different. Senate exemption applies to sales and purchases made after February 29, 2024, and before April 1, 2027.</p> <p>Effective date: For sales and purchases made after February 29, 2024, and before April 1, 2027.</p>
	<p>No comparable provision. Exemption is covered by House section 14.</p>	<p>Section 21. Nashwauk-Keewatin Public schools; sales tax exemption for construction materials. Exempts materials and supplies used in and equipment incorporated into construction of a new school building and attached community wellness center to replace Keewatin Elementary School and Nashwauk High School. The tax must be paid upfront and then refunded under the provisions of current law.</p> <p>Effective date: Retroactively for sales and purchases made after December 31, 2021, and before January 1, 2025.</p>
	<p>No comparable provision. Exemption is covered by House section 14.</p>	<p>Section 22. Northern Lights Academy; sales tax exemption for construction materials. Exempts materials and supplies used in and equipment incorporated into construction of a new addition to the existing facility and renovations and improvements to the existing facility. The tax must be paid upfront and then refunded under the provisions of current law.</p> <p>Effective date: Retroactively for sales and purchases made after December 31, 2021, and before January 1, 2025.</p>
	<p>No comparable provision. Exemption is covered by House section 14.</p>	<p>Section 23. Northland Learning Center; sales tax exemption for construction materials. Exempts materials and supplies used in and equipment incorporated into the construction of a new addition to the James Madison Building for Northland Learning Center and renovations and improvements to the existing facility. The tax must be paid upfront and then refunded under the provisions of current law.</p> <p>Effective date: Retroactively for sales and purchases made after December 31, 2021, and before January 1, 2025.</p>
21	<p>City of Oakdale; sales tax exemption for construction materials. Provides a refundable sales tax exemption on materials and supplies used in and equipment incorporated into construction of a new public works facility in the city of Oakdale, provided the purchases occur after December 31, 2024, and before January 1, 2027.</p>	<p>Section 24. Different. Senate exemption applies for sales and purchases made after August 31, 2023, and before January 1, 2027.</p>

Comparison Summary of H.F. 1938 – House (H1938-3) / Senate (UEH1938-1)

Section	HOUSE Article 5: Sales and Use Taxes	SENATE Article 5: Sales and Use Taxes
	<p>Effective date: This section is effective the day following final enactment and applies to sales and purchases made after December 31, 2024, and before January 1, 2027.</p>	<p>Effective date: For sales and purchases made after August 31, 2023, and before January 1, 2027.</p>
22	<p>City of Ramsey; sales tax exemption for construction materials. Provides a refundable sales tax exemption on materials and supplies used in and equipment incorporated into the construction, reconstruction, upgrade, expansion, renovation, or remodeling of a new water treatment plant in the city of Ramsey, provided the purchases occur after December 31, 2024, and before January 1, 2026.</p> <p>Effective date: This section is effective the day following final enactment and applies to sales and purchases made after December 31, 2024, and before January 1, 2026.</p>	<p>Section 25. Different. Senate exemption applies for sales and purchases made after December 31, 2022, and before July 1, 2027.</p> <p>Effective date: Retroactively for sales and purchases made after December 31, 2022, and before July 1, 2027.</p>
23	<p>Red Lake County School District; sales tax exemption for construction materials. Provides a retroactive, refundable sales tax exemption on materials and supplies used in and equipment incorporated into the construction of a new school in ISD No. 2906, provided the purchases occur after December 31, 2020, and before July 1, 2021, and after December 31, 2024, and before January 1, 2026.</p> <p>Effective date: This section is effective retroactively from January 1, 2021, and applies to sales and purchases made after December 31, 2020, and before July 1, 2021, and after December 31, 2024, and before January 1, 2026.</p>	<p>Section 26. Different. Senate exemption applies for sales and purchases made after December 31, 2020, and before January 1, 2026.</p> <p>Effective date: Retroactively for sales and purchases made after December 31, 2020, and before January 1, 2026.</p>
24	<p>Red Rock central school district; sales tax exemption for construction materials. Provides a refundable sales tax exemption on materials and supplies used in and equipment incorporated into the construction of a new K-12 learning facility in ISD No. 2884, provided the purchases occur after December 31, 2024, and before July 1, 2025.</p> <p>Effective date: This section is effective the day following final enactment and applies to sales and purchases made after December 31, 2024, and before July 1, 2025.</p>	<p>Section 27. Different. Senate exemption applies for sales and purchases made after December 31, 2021, and before July 1, 2025.</p> <p>Effective date: Retroactively for sales and purchases made after December 31, 2021, and before July 1, 2025.</p>
25	<p>Rock Ridge public schools; sales tax exemption for construction materials. Provides a retroactive, refundable sales tax exemption on materials and supplies used in and equipment incorporated into the construction of two new elementary schools and one new high school in ISD No. 2909, provided the purchases occur after May 1, 2019, and before July 1, 2021.</p> <p>Effective date: This section is effective retroactively from May 2, 2019, and applies to sales and purchases made after May 1, 2019, and before July 1, 2021.</p>	<p>Section 28. Different. Senate exemption applies for sales and purchases made after May 1, 2019, and before January 1, 2024.</p> <p>Effective date: Retroactively for sales and purchases made after May 1, 2019, and before January 1, 2024.</p>

Comparison Summary of H.F. 1938 – House (H1938-3) / Senate (UEH1938-1)

Section	HOUSE Article 5: Sales and Use Taxes	SENATE Article 5: Sales and Use Taxes
26	<p>City of Spring Grove; sales tax exemption for construction materials and capital equipment. Provides a retroactive, refundable sales tax exemption for the following items used to repair, replace, or otherwise recover from damage caused by a fire in the city of Spring Grove:</p> <ul style="list-style-type: none"> ▪ materials and supplies used in and equipment incorporated into the construction or replacement of real property; and ▪ capital equipment purchased to replace destroyed equipment. <p>Purchases must be made after December 22, 2022, and before January 1, 2028.</p> <p>Effective date: This section is effective retroactively from December 23, 2022, and applies to sales and purchases made after December 22, 2022, and before January 1, 2028.</p>	<p>Section 29. Similar. Minor language difference in effective date.</p>
27	<p>Springfield school district; sales tax exemption for construction materials. Provides a refundable sales tax exemption on materials and supplies used in and equipment incorporated into the construction, renovation, and new additions to schools in Independent School District No. 85, Springfield, provided the purchases occur after December 31, 2024, and before July 1, 2025.</p> <p>Effective date: This section is effective for sales and purchases made after December 31, 2024, and before July 1, 2025.</p>	<p>Section 30. Different. Senate exemption applies for sales and purchases made after December 31, 2021, and before July 1, 2025.</p> <p>Effective date: Retroactively for sales and purchases made after December 31, 2021, and before July 1, 2025.</p>
28	<p>City of Wayzata; sales tax exemption for construction materials. Provides a retroactive, refundable sales tax exemption on materials and supplies used in and equipment incorporated into the following projects in the city of Wayzata provided the purchases occur after March 31, 2020, and before July 1, 2021:</p> <ul style="list-style-type: none"> ▪ expansion and remodeling of Depot Park; ▪ construction of community docks for access to Lake Minnetonka; ▪ construction of a lakeside boardwalk; ▪ shoreline restoration; ▪ restoration of the Section Foreman House, including addition of a learning center; ▪ construction of Eco Park, including shoreline restoration, marsh and water quality improvement, a pier expansion, and creation of eco-living classrooms; ▪ construction of a public plaza, including a 9/11 memorial, water display, and gathering space; ▪ trail construction; and ▪ railroad crossing construction. 	<p>Section 31. Different. Senate exemption applies for sales and purchases made after March 31, 2020, and before January 1, 2026.</p>

Comparison Summary of H.F. 1938 – House (H1938-3) / Senate (UEH1938-1)

Section	HOUSE Article 5: Sales and Use Taxes	SENATE Article 5: Sales and Use Taxes
	<p>Effective date: This section is effective retroactively to January 1, 2021, and applies to sales and purchases made after December 31, 2020, and before July 1, 2021.</p>	<p>Effective date: Retroactively for sales and purchases made after March 31, 2020, and before January 1, 2026.</p>
29	<p>City of Woodbury; sales tax exemption for construction materials. Provides a refundable sales tax exemption on materials and supplies used in and equipment incorporated into construction, renovation, or remodeling of the Central Park project in the city of Woodbury, provided the purchases occur after December 31, 2024, and before January 1, 2026.</p> <p>Effective date: This section is effective for sales and purchases made after December 31, 2024, and before January 1, 2026.</p>	<p>Section 32. Different. Senate exemption applies for sales and purchases made after June 30, 2023, and before January 1, 2026.</p> <p>Effective date: Retroactively for sales and purchases made after June 30, 2023, and before January 1, 2026.</p>

Section	HOUSE Article 6: Minerals Taxes	SENATE Article 6: Minerals
1	<p>Property subject to taconite production tax or gross proceeds tax. Conforming change related to section 4.</p> <p>Effective date: This section is effective beginning with assessment year 2023.</p>	<p>Section 1. Same.</p>
2	<p>Taconite assistance area. Expands the taconite assistance area to include a school district that contains a municipality which is (1) located in a county which is already partially included in the taconite assistance area, and (2) where the active mining of nonferrous materials is occurring. Areas included in this expansion of the taconite assistance area would be eligible for production tax distributions, and any gross proceeds tax generated in the area would be distributed within the taconite assistance area, rather than going to the general fund.</p> <p>Effective date: This section is effective for taxable years beginning after December 31, 2022.</p>	<p>Section 2. Same.</p>
3	<p>Taconite, other ores, metals, or minerals; production materials. Conforming change related to section 4.</p> <p>Effective date: This section is effective the day following final enactment.</p>	<p>Section 3. Same.</p>
4	<p>Gross proceeds on mining. Converts the net proceeds tax on nonferrous mining to a gross proceeds tax. This conversion eliminates the deductions under present law for the expenses of converting raw materials to marketable ores. The tax rate is reduced from two percent to 0.4 percent. This section also establishes a \$2,000,000 minimum payment for mining operations which have received all required permits to mine nonferrous materials but have not begun mining.</p>	<p>Section 4. Same, except for inconsequential formatting differences.</p>

Comparison Summary of H.F. 1938 – House (H1938-3) / Senate (UEH1938-1)

Section	HOUSE Article 6: Minerals Taxes	SENATE Article 6: Minerals
	<p>Effective date: This section is effective for taxable years beginning after December 31, 2022.</p>	
5	<p>Within taconite assistance area. Changes the distribution percentages of the gross proceeds tax. This section also directs ten percent of the gross proceeds tax to Aurora, Babbit, Ely, Hoyt Lakes, Biwabik, and Embarrass Township, for the first five years that distributions of the tax are made.</p> <p>Effective date: This section is effective for distributions beginning after December 31, 2022.</p>	<p>Section 5. Same.</p>
6	<p>Distribution date. Conforming change related to section 4.</p> <p>Effective date: This section is effective the day following final enactment.</p>	<p>Section 6. Same.</p>
7	<p>Counties. Keeps the production tax distribution to counties at 21.05 cents per taxable ton. Under current law, this distribution would increase to 26.06 cents per taxable ton beginning in 2024.</p> <p>Effective date: This section is effective the day following final enactment.</p>	<p>Section 7. Same.</p>
8	<p>Iron Range school consolidation and cooperatively operated school account. Keeps the production tax distribution to the school consolidation account at ten cents per taxable ton. Under current law, this distribution would decrease to five cents per taxable ton beginning in 2024.</p> <p>Effective date: This section is effective the day following final enactment.</p>	<p>Section 8. Same.</p>
9	<p>Transfer. Annually distributes \$3,500,000 of the production tax revenues from the Douglas J. Johnson Economic Protection Trust Fund and any excess production tax revenues in that account to the Iron Range resources and rehabilitation account.</p> <p>Effective date: This section is effective beginning with production year 2023.</p>	<p>Section 9. Same.</p>
10	<p>Temporary loan authority. Conforming change related to section 4.</p> <p>Effective date: This section is effective the day following final enactment.</p>	<p>Section 10. Same.</p>
11	<p>Transfer 2023 distribution only; Douglas J. Johnson Economic Protection Trust Fund. Provides a onetime transfer of \$3,500,000 from the Douglas. J. Johnson Economic Protection Trust Fund to the Iron Range school consolidation and cooperatively operated school account.</p> <p>Effective date: This section is effective the day following final enactment and applies only to the 2023 distribution.</p>	<p>Section 12. Same.</p>
12	<p>Transfer 2023 distribution only. Provides a onetime transfer of any excess from the property tax relief</p>	<p>Section 11. Same, except for technical differences.</p>

Comparison Summary of H.F. 1938 – House (H1938-3) / Senate (UEH1938-1)

Section	HOUSE Article 6: Minerals Taxes	SENATE Article 6: Minerals
	<p>account to the Iron Range resources and rehabilitation account, up to \$6,000,000. This section also requires the commissioner of Iron Range resources and rehabilitation to distribute this transferred amount for a variety of purposes.</p> <p>Effective date: This section is effective the day following final enactment and applies only to the 2023 distribution.</p>	

Section	HOUSE Article 7: Renter’s Credit	SENATE
1 - 2	<p>Designation of renter’s credit payments for the state elections campaign account. Allows taxpayers filing a simplified return to designate a portion of their refund for the state elections fund.</p> <p>Effective date: Taxable years beginning after December 31, 2023.</p>	No comparable provision.
3	<p>General. Removes a reference to the renter’s credit which is unnecessary because the credit is a part of the income tax.</p> <p>Effective date: Taxable years beginning after December 31, 2023.</p>	No comparable provision.
4	<p>County assessors; homestead classification and renter’s credit. Updates a cross-reference to reflect the renter’s credit’s new location in statute.</p> <p>Effective date: This section is effective for refunds based on rent paid in 2024.</p>	No comparable provision.
5	<p>Disclosure to commissioner of human services. Updates a cross-reference to reflect the renter’s credit’s new location in statute.</p> <p>Effective date: Taxable years beginning after December 31, 2023.</p>	No comparable provision.
6	<p>Definitions. Adds the simplified renter’s credit form to the definition of “returns” for the purposes of statutes governing tax preparation.</p> <p>Effective date: Taxable years beginning after December 31, 2023.</p>	No comparable provision.
7	<p>Standards of conduct. Applies rules requiring tax preparers to accurately report income information to the renter’s credit.</p> <p>Effective date: Taxable years beginning after December 31, 2023.</p>	No comparable provision.
8	<p>Simplified filing process for taxpayers without a filing requirement. Requires DOR to establish a simplified individual income tax form to allow individuals who do not have an individual income tax filing requirement to file and claim refundable credits, including the renter’s credit, child and working family credit, education credit, student loan credit, and dependent care credit.</p>	No comparable provision.

Comparison Summary of H.F. 1938 – House (H1938-3) / Senate (UEH1938-1)

Section	HOUSE Article 7: Renter's Credit	SENATE
	Effective date: Taxable years beginning after December 31, 2023.	
9	Property tax refund claims. Removes a reference to the renter's credit which is unnecessary because the credit is a part of the income tax. Effective date: This section is effective for refunds based on rent paid in 2024.	No comparable provision.
10	Property tax refund. Removes a reference to the renter's credit which is unnecessary because the credit is a part of the income tax. Effective date: This section is effective for refunds based on rent paid in 2024.	No comparable provision.
11	Property tax refunds under chapter 290A. Removes a reference to the renter's credit which is unnecessary because the credit is a part of the income tax. Effective date: This section is effective for refunds based on rent paid in 2024.	No comparable provision.
12	Penalties relating to property tax refunds. Updates a cross-reference to reflect the renter's credit's new location in statute. Effective date: This section is effective for refunds based on rent paid in 2024.	No comparable provision.
13	Penalties for tax preparers. Updates a cross-reference to reflect the renter's credit's new location in statute. Effective date: This section is effective for taxable years beginning after December 31, 2023.	No comparable provision.
14	Preparer identification number. Updates a cross-reference to reflect the renter's credit's new location in statute. Effective date: This section is effective for taxable years beginning after December 31, 2023.	No comparable provision.
15	Renter's credit. Establishes the renter's credit as a refundable income tax credit. Subd. 1. Definitions. Defines the following terms, for the purposes of the credit. These definitions are the same as those currently coded in chapter 290A—the list below shows the source of the new language in current law. <ul style="list-style-type: none"> ▪ Dependent ▪ Disability ▪ Exemption amount ▪ Gross rent ▪ Homestead ▪ Household ▪ Household income 	No comparable provision.

Comparison Summary of H.F. 1938 – House (H1938-3) / Senate (UEH1938-1)

Section	HOUSE Article 7: Renter’s Credit	SENATE
	<ul style="list-style-type: none"> ▪ Income: new language converting the income measure used for the credit to adjusted gross income ▪ Rent constituting property taxes <p>Subd. 2. Credit allowed. Establishes the income tax credit used to calculate the credit. Specifies that the credit is refundable and appropriates the amount needed to pay refunds.</p> <p>Subd. 3. Renters. Specifies the amount of the credit allowed, as a function of the taxpayer’s income and property taxes paid. The credit calculation table is based on the February 2023 forecast for refunds payable in 2025 (based on rent paid in 2024).</p> <p>Requires that the credit be adjusted for inflation.</p> <p>Subd. 4. Owner or managing agent to furnish rent certificate. Requires property owners to provide certificates of rent paid to renters, by January 31 of the filing period, rather than March 31 as is required under current law. Other than the date change, this is substantively identical to existing law in section 290A.19.</p> <p>Subd. 5. Eligibility; residency. Provides rules specifying which taxpayers are eligible for a credit.</p> <p>Subd. 6. Residents of nursing homes, intermediate care facilities, long-term care facilities, or facilities accepting housing support services. Provides rules for calculating credits for residents in certain health facilities.</p> <p>Subd. 7. Credit for unmarried taxpayers residing in the same household. Provides rules for unmarried taxpayers residing in the same household.</p> <p>Subd. 8. One claimant per household. Stipulates that only one taxpayer per household may claim a credit.</p> <p>Subd. 9. Proof of claim. Provides rules by which taxpayers may prove a credit claim.</p> <p>Subd. 10. No relief in certain cases. Disallows credits if a claimant received tenancy primarily for the purposes of claiming a renter’s credit.</p> <p>Subd. 11. Appropriation. Appropriates the funds necessary to pay refunds.</p> <p>Effective date: This section is effective for refunds based on rent paid in 2024.</p>	

Comparison Summary of H.F. 1938 – House (H1938-3) / Senate (UEH1938-1)

Section	HOUSE Article 7: Renter’s Credit	SENATE
16 - 18	<p>Striking obsolete language in chapter 290A. Removes references to the renter’s credit which are unnecessary because the credit is a part of the income tax.</p> <p>Effective date: This section is effective for refunds based on rent paid in 2024.</p>	No comparable provision.
19	<p>Claimant. Strikes language in chapter 290A that is moved to the income tax chapter.</p> <p>Effective date: This section is effective for refunds based on rent paid in 2024.</p>	No comparable provision.
20	<p>Gross rent. Strikes language in the chapter 290A definition of “gross rent.” This language is moved to chapter 290 in the bill.</p> <p>Effective date: This section is effective for refunds based on rent paid in 2024.</p>	No comparable provision.
21	<p>Property taxes payable. Strikes a definition of “manufactured home” from the definition of “property taxes payable.” The bill adds this as a standalone definition in the following section.</p> <p>Effective date: This section is effective for refunds based on rent paid in 2024.</p>	No comparable provision.
22	<p>Manufactured home. Moves a definition of “manufactured home” out of the definition of property taxes payable.</p> <p>Effective date: This section is effective for refunds based on rent paid in 2024.</p>	No comparable provision.
23	<p>Refund. Removes references to the renter’s credit which are unnecessary because the credit is a part of the income tax.</p> <p>Effective date: This section is effective for refunds based on rent paid in 2024.</p>	No comparable provision.
24	<p>Additional refund. Strikes a reference to data being delivered on a “magnetic computer disk.” Requires the same data be delivered electronically.</p> <p>Effective date: This section is effective for refunds based on rent paid in 2024.</p>	No comparable provision.
25	<p>Homeowner’s refund and renter’s credit. Allows taxpayers eligible for the homeowner and renter’s credit to continue to claim both credits.</p> <p>Effective date: This section is effective for refunds based on rent paid in 2024.</p>	No comparable provision.
26 - 28	<p>Striking obsolete language in chapter 290A. Removes references to the renter’s credit which are unnecessary because the credit is a part of the income tax.</p> <p>Effective date: This section is effective for refunds based on rent paid in 2024.</p>	No comparable provision.
29	<p>Proof of claim. Strikes obsolete references to the renter’s credit. Clarifies that rules requiring proof of</p>	No comparable provision.

Comparison Summary of H.F. 1938 – House (H1938-3) / Senate (UEH1938-1)

Section	HOUSE Article 7: Renter's Credit	SENATE
	<p>claim for rent paid by manufacture home residents continues to apply.</p> <p>Effective date: This section is effective for refunds based on rent paid in 2024.</p>	
30 - 31	<p>Striking obsolete language in chapter 290A. Removes references to the renter's credit which are unnecessary because the credit is a part of the income tax.</p> <p>Effective date: This section is effective for refunds based on rent paid in 2024.</p>	No comparable provision.
32	<p>Owner or managing agent to furnish rent certificate. Removes references to the renter's credit which are unnecessary because the credit is a part of the income tax.</p> <p>Allows the commissioner of revenue to require manufactured park owners who generate certificates of rent paid to submit identifying information, including Social Security numbers, taxpayer identification numbers, federal employer identification numbers, or Minnesota employer identification numbers.</p> <p>Effective date: This section is effective for refunds based on rent paid in 2024.</p>	No comparable provision.
33 - 35	<p>Updating cross-references in chapter 290A. Updates cross-references to reflect the renter's credit's new location in statute.</p> <p>Effective date: This section is effective for refunds based on rent paid in 2024.</p>	No comparable provision.
36	<p>Tax credit outreach; appropriation. Appropriates \$3,944,000 in fiscal year 2024 and \$3,943,000 in fiscal year 2025 to DOR to make grants to nonprofit organizations or federally recognized Indian Tribes to publicize credits targeting low-income taxpayers, promote the availability of such credits, and assist taxpayers in applying for such credits. The base for the appropriation is \$2,571,000 in fiscal year 2026.</p>	No comparable provision.
37	<p>Repealer. Repeals language in chapter 290A that is moved to chapter 290 under the bill.</p> <p>Effective date: This section is effective for refunds based on rent paid in 2024.</p>	No comparable provision.

Section	HOUSE Article 8: Tax Increment Financing	SENATE Article 7: Tax Increment Financing
1	<p>Administrative expenses. Provides a nonexhaustive list of documented expenses which count as administrative. Adds to list of expenditures which do not qualify as administrative the purchase of buildings and payment of property taxes or payments in lieu of taxes. Removes an obsolete reference. Clarifies that the definition does not</p>	<p>Article 8, section 1. Similar. Senate provides that amounts paid for the purchase of land <u>or</u> buildings are not considered administrative expenses.</p>

Comparison Summary of H.F. 1938 – House (H1938-3) / Senate (UEH1938-1)

Section	HOUSE Article 8: Tax Increment Financing	SENATE Article 7: Tax Increment Financing
	<p>apply to county administrative costs of administering a TIF district.</p> <p>Effective date: Effective the day following final enactment and applies to all districts, regardless of when the request for certification was made.</p>	
2	<p>Pay-as-you-go contract and note. Defines a “pay-as-you-go contract and note” as a written note or contractual obligation: (1) that evidences an authority’s commitment to reimburse the note holder for payment of the costs of activities, plus interest; (2) that pledges increment to reimburse the note holder; and (3) that has the note holder bear the risk that increment may be insufficient for reimbursement.</p> <p>Effective date: Effective the day following final enactment.</p>	<p>Article 8, section 2. Same.</p>
3	<p>Annual financial reporting. Removes from the list of information that authorities must report to the Office of the State Auditor the month in which an authority first receives, or expects to receive, increment.</p> <p>Effective date: Effective the day following final enactment.</p>	<p>Article 8, section 3. Same.</p>
4	<p>Limitation on administrative expenses. For the purposes of calculating the allowable amount of administrative expenses, excludes from the calculation of total tax increment those amounts paid to the county auditor either as excess increment or as remedies for unlawfully including or keeping a property in a TIF district. Exempts from caps on administrative expenses money which is: (1) from selling or leasing property purchased by the authority using increment; and (2) spent on maintaining these properties, including reserves for repairs and insurance costs.</p> <p>Effective date: Effective the day following final enactment and applies to all districts, regardless of when the request for certification was made.</p>	<p>Article 8, section 4. Same.</p>
5	<p>Limitation of use of tax increment; general rule. Makes a grammatical correction. Adds payment of administrative expenses to the list of purposes for which TIF revenue can be used.</p> <p>Effective date: Effective the day following final enactment and applies to all districts, regardless of when the request for certification was made.</p>	<p>Article 8, section 5. Same.</p>
6	<p>Requirement imposed. Limits applicability of income limitations on housing district projects to districts either in one of the metropolitan counties or in cities with populations over 50,000.</p> <p>Effective date: Effective August 1, 2023.</p>	<p>No comparable provision.</p>
7	<p>Expenditures outside district. Expands from county road costs to all county costs the amount to be deducted from the increment before calculating the</p>	<p>Article 8, section 6. Same.</p>

Comparison Summary of H.F. 1938 – House (H1938-3) / Senate (UEH1938-1)

Section	HOUSE Article 8: Tax Increment Financing	SENATE Article 7: Tax Increment Financing
	<p>in-district and out-of-district percentages of increment. Exempts amounts paid to the county auditor as excess increment or as remedies for unlawfully including or keeping a property in a TIF district from counting toward the total revenue derived from the district for the purposes of percentage pooling limits. Considers all other amounts paid to the county auditor (except for payments for using increment on impermissible projects or areas) to be expenditures within the district for the purposes of pooling limits.</p> <p>Effective date: Effective the day following final enactment and applies to all districts with a request for certification date after April 30, 1990, except that the new treatment of amounts paid to the county auditor only applies to districts decertifying after December 31, 2023.</p>	
8	<p>Five-year rule. Clarifies that expenditures on in-district activities not complying with the five-year rule are considered to have been expended on an activity outside the district. Removes an obsolete reference to public infrastructure projects. Removes expenditures on affordable housing from those listed as complying with the five-year rule.</p> <p>Effective date: Effective the day following final enactment and applies to all districts with a request for certification date after April 30, 1990.</p>	<p>Article 8, section 7. Same.</p>
9	<p>Use of revenues for decertification. Requires decertification once the in-district amount of increment is sufficient to pay off in-district obligations, excluding a pay-as-you-go contract and note. Allows deferral of decertification for individual parcels whose increment is pledged to pay off a pay-as-you-go contract and note for in-district expenditures but requires decertification of unpledged parcels. For those districts for which the out-of-district percentage of increment has been increased by up to ten percent to fund affordable housing projects, defers decertification until the amount of increment eligible to be expended for housing purposes equals either the amount of the increase elected for in the tax increment financing plan or the ten percent maximum.</p> <p>Effective date: Effective the day following final enactment and applies to all districts with a request for certification after April 30, 1990, except that the provisions allowing deferral of decertification for pay-as-you-go contracts and notes apply only to districts for which the request for certification was made after the day following final enactment.</p>	<p>Article 8, section 8. Same.</p>
10	<p>Pooling permitted for deficits. Makes a clarifying change in the formula for how to calculate the deficit of a district to determine how much an authority can transfer from another district to eliminate the deficit.</p> <p>Effective date: Effective the day following final enactment and applies only to districts for which</p>	<p>Article 8, section 9. Same.</p>

Comparison Summary of H.F. 1938 – House (H1938-3) / Senate (UEH1938-1)

Section	HOUSE Article 8: Tax Increment Financing	SENATE Article 7: Tax Increment Financing
	the request for certification was made before August 1, 2001.	
11	<p>Collection of increment. Removes an exception for failure to decertify a district from a requirement that an authority pay to the county auditor the amount generated from a property which was unlawfully included or kept in a TIF district.</p> <p>Effective date: Effective the day following final enactment.</p>	<p>Article 8, section 10. Same.</p>
12	<p>Suspension of distribution of tax increment. Makes a clarifying change regarding a county auditor's withholding increments from authorities that fail to comply with their annual requirements for disclosure and financial reporting.</p> <p>Effective date: Effective the day following final enactment.</p>	<p>Article 8, section 11. Same.</p>
13	<p>Expenditure of increment. Expands the sources of permitted purposes of TIF expenditures from Minnesota Statutes, section 469.176 to Minnesota Statutes, sections 469.174 through 469.1794 (the portion of Minnesota Statutes, chapter 469 governing TIF). An amount equal to the amount of TIF revenues expended for anything other than a permitted purpose must be paid to the county auditor.</p> <p>Effective date: Effective the day following final enactment.</p>	<p>Article 8, section 12. Same.</p>
	<p>Different. House designates Lafayette, Nicollet, and Spicer as “small cities.”</p>	<p>Section 1. Small city; economic development districts. Makes a general law change to the definition of a “small city” by reducing, from ten miles to five miles, the distance required between cities. Under current law, a “small city” is defined as any home rule charter or statutory city with a population of 5,000 or less and located ten miles or more from a Minnesota home rule charter or statutory city with a population of 10,000 or more. Increment generated from an economic development district cannot be used for commercial development unless the development is 15,000 square feet or less and located in a small city.</p> <p>Effective date. This section is effective for districts for which the request for certification was made after July 1, 2023.</p>
	<p>No comparable provision.</p>	<p>Section 2. City of Hopkins; district extension. Increases, from 20 percent to 25 percent, permitted pooling for housing or redevelopment activities, and increases, from 25 percent to 28 percent, the district’s total permitted pooling for TIF District No. 2-11.</p> <p>Effective date. This section is effective upon city approval and filing requirements.</p>
14	<p>Bloomington tax increment financing; five-year rule. Extends five-year rule period from 21 to 26</p>	<p>Section 3. Different. Senate includes five and six-year rule extensions but authorizes a five-year</p>

Comparison Summary of H.F. 1938 – House (H1938-3) / Senate (UEH1938-1)

Section	HOUSE Article 8: Tax Increment Financing	SENATE Article 7: Tax Increment Financing
	<p>years and extends six-year rule period to 27 years. Extends duration of parcels with no buildings on them as of the effective date of this section to December 31, 2049.</p> <p>Effective date: Effective the day after the chief clerical officer of Bloomington certifies that the governing bodies of Bloomington, Hennepin County, and Independent School District No. 271 have passed resolutions approving this section.</p>	<p>duration extension of the district rather than a parcel-by-parcel extension.</p>
15	<p>Authorization. Extends, by ten years, the duration of a St. Paul tax increment financing district encompassing the RiverCentre complex.</p> <p>Effective date: Effective the day after the chief clerical officer of Bloomington certifies that the governing bodies of St. Paul, Ramsey County, and Independent School District No. 625 have passed resolutions approving this section.</p>	<p>Section 4. Same.</p>
16	<p>Authorized expenditures. Expands authorized expenditures of revenue from the RiverCentre complex TIF district to include the facilitation of capital improvements to the RiverCentre complex.</p> <p>Effective date: Effective the day after the chief clerical officer of St. Paul certifies that the city’s governing body has passed a resolution approving this section.</p>	<p>Section 5. Same.</p>
17	<p>Special rules. Further expands the five-year rule period from eight to 12 years for districts created pursuant to 2014 special legislation for the city of Savage; expands the period during which districts can be enlarged from five to nine years after certification of the original net tax capacity.</p> <p>Effective date: Effective the day after the chief clerical officer of Savage certifies that the governing body of Savage has passed a resolution approving this section.</p>	<p>Section 6. Same.</p>
18	<p>City of Chatfield; tax increment financing authority; economic development authorization. Allows the city of Chatfield or its economic development authority to establish an economic development district to construct a multilevel hotel in a specified area, provided that the first floor of the hotel does not exceed 15,000 square feet.</p> <p>Effective date: Effective the day after the chief clerical officer of Chatfield certifies that the governing body of the city has passed a resolution approving this section.</p>	<p>Section 9. Same, except for inconsequential formatting differences.</p>
19	<p>City of Duluth; tax increment financing authority.</p> <p>Subd. 1. Establishment. Allows Duluth or its economic development authority to establish redevelopment districts in a specified area and allows the districts to follow the special rules in subdivision 2.</p>	<p>Section 7. Different. Senate amends 2019 special law by allowing the city to establish one additional district within defined area.</p>

Comparison Summary of H.F. 1938 – House (H1938-3) / Senate (UEH1938-1)

Section	HOUSE Article 8: Tax Increment Financing	SENATE Article 7: Tax Increment Financing
	<p>Subd. 2. Special rules. Establishes special rules for a district established under subdivision 1 that would:</p> <ul style="list-style-type: none"> ▪ deem the district to be supported by a finding that the district is blighted, as defined by law; ▪ deem expenditures on development of the specified parcels as expenditures on blight correction counting toward the requirement that 90 percent of increment from a redevelopment district be spent on blight correction; and ▪ allow use of increment on developing seawalls and pier facings adjacent to the district. <p>Effective date: Effective the day after the chief clerical officer of Duluth certifies that the governing body of the city has passed a resolution approving this section.</p>	
20	<p>City of Duluth; tax increment financing duration extension. For a district established pursuant to section 19, allows Duluth to extend the maximum years of increment collection from 26 to 36</p> <p>Effective date: Effective the day after the chief clerical officer of Duluth certifies that the governing bodies of Duluth, St. Louis County, and Independent School District No. 709 have passed resolutions approving this section.</p>	<p>Section 7. Different. Senate authorizes five-year duration extension for districts established pursuant to 2019 special law.</p>
	<p>No comparable provision.</p>	<p>Section 8. City of Ramsey; five-year extension. Authorizes an additional three-year extension of the five and six-year rules for TIF District No. 14.</p> <p>Effective date. This section is effective upon city approval and filing requirements.</p>
21	<p>City of Duluth; tax increment financing district; special rules.</p> <p>Subd. 1. Establishment. Allows Duluth or its economic development authority to establish redevelopment districts in a specified area and allows the districts to follow the special rules in subdivision 2.</p> <p>Subd. 2. Special rules. Establishes special rules for a district established under subdivision 1 that would:</p> <ul style="list-style-type: none"> ▪ exempt the district from the general law requirement that redevelopment districts only be established in areas found to be blighted, as defined by law; ▪ exempt the district from the general law requirement that 90 percent of TIF revenue from redevelopment districts be used to correct blight; 	<p>Section 10. Different. Senate authorizes city to establish redevelopment districts within a defined area. If established, the districts are exempt from only the “blight” test, and the requirement that 90 percent of increment collected from the district be spent on blight correction.</p>

Comparison Summary of H.F. 1938 – House (H1938-3) / Senate (UEH1938-1)

Section	HOUSE Article 8: Tax Increment Financing	SENATE Article 7: Tax Increment Financing
	<ul style="list-style-type: none"> ▪ exempt the district from the prohibition on using increment either for public parks or for facilities used for social, recreational, or conference purposes; ▪ exempt the district from the prohibition on an authority’s acquiring more than 25 percent of the acreage in a project using TIF bonds proceeds when the property’s increment is pledged to pay off the bonds, unless the authority has contracted for development for the parcels and has a recourse if the parcels are not developed; ▪ exempt the district from limitations on spending increment outside of the district; ▪ exempt the district from requirements that in-district development be completed within five years of certification of the original net tax capacity; and ▪ exempt the district from requirements that the in-district percentage of increment be spent on paying development debt beginning in the sixth year after certification of the district. <p>Subd. 3. Expiration. Expires the special rules under subdivision 2 on December 31, 2051, and requires that unspent or unobligated increment thereafter be spent to pay off in-district development debt.</p> <p>Effective date: Effective the day after the chief clerical officer of Duluth certifies that the governing body of the city has passed a resolution approving this section.</p>	
22	<p>City of Fridley; tax increment financing district; special rules.</p> <p>Subd. 1. Transfer of increment. Allows 25 to 35 percent of increment from Fridley Tax Increment Financing District No. 20 to be transferred to the city’s housing and redevelopment authority (HRA) for the purposes authorized in subdivision 2.</p> <p>Subd. 2. Allowable use. Allows use of increment transferred under subdivision 1 on: grants, loans, and loan guarantees for the development, rehabilitation, or financing of housing; and matching funds for housing projects.</p> <p>Subd. 3. Annual financial reporting. Subjects transferred increment to annual reporting requirements on use of tax increment.</p>	<p>Section 11. Similar. The Senate language is identical, except that the legislative reports are due in 2025 and 2027, and the authority to transfer increment expires December 31, 2027.</p>

Comparison Summary of H.F. 1938 – House (H1938-3) / Senate (UEH1938-1)

Section	HOUSE Article 8: Tax Increment Financing	SENATE Article 7: Tax Increment Financing
	<p>Subd. 4. Legislative reports. Requires legislative reports on use of the transferred increment in 2024 and 2026.</p> <p>Subd. 5. Expiration. Provides that the authority to transfer increment under this section expires December 31, 2026.</p> <p>Effective date: Effective the day after the chief clerical officer of Fridley certifies that the governing body of the city has passed a resolution approving this section.</p>	
23	<p>City of Lafayette; small city designation. Deems Lafayette a small city for the purpose of tax increment financing, allowing it to develop a wider array of commercial facilities with economic development districts.</p> <p>Effective date: Effective the day after the chief clerical officer of Lafayette certifies that the governing body of the city has passed a resolution approving this section.</p>	<p>Section 1. Different. Makes a general law change to the definition of a “small city” by reducing, from ten miles to five miles, the distance required between cities.</p>
24	<p>City of Nicollett; small city designation. Deems Nicollett a small city for the purpose of tax increment financing, allowing it to develop a wider array of commercial facilities with economic development districts.</p> <p>Effective date: Effective the day after the chief clerical officer of Nicollett certifies that the governing body of the city has passed a resolution approving this section.</p>	<p>Section 1. Different. Makes a general law change to the definition of a “small city” by reducing, from ten miles to five miles, the distance required between cities.</p>
25	<p>City of Plymouth; tax increment financing authority.</p> <p>Subd. 1. Establishment. Allows Plymouth to establish redevelopment districts in specified parcels and allows a district established under this section to follow the special rules in subdivision 2.</p> <p>Subd. 2. Special rules. Establishes special rules for a district established under subdivision 1 that would:</p> <ul style="list-style-type: none"> ▪ deem the district to be supported by a finding that the district is blighted, as defined by law; ▪ extend the five-year and six-year rule periods for the district to ten and 11 years; ▪ exempt the district from the general law requirement that 90 percent of TIF revenue from redevelopment districts be used to correct blight; and ▪ allow up to 75 percent of TIF revenue from the districts to be spent on improving Chankahda Trail, former 	<p>Section 12. Similar. Senate limits the number of districts that may be established to not more than two, and does not authorize five and six-year rule extensions.</p>

Comparison Summary of H.F. 1938 – House (H1938-3) / Senate (UEH1938-1)

Section	HOUSE Article 8: Tax Increment Financing	SENATE Article 7: Tax Increment Financing
	<p>County Road 47, as though the road were located within the districts.</p> <p>Subd. 3. Expiration. Sets December 31, 2030, as the expiration date for authority to approve a tax increment financing plan under this section.</p> <p>Effective date: Effective the day after the chief clerical officer of Plymouth certifies that the governing body of the city has passed a resolution approving this section.</p>	
26	<p>City of Shakopee; tax increment financing district.</p> <p>Subd. 1. Definitions. Defines terms for the purposes of this section, including defining the project area by reference to parcel identification numbers and defining a soil deficiency district as an area where the city by resolution finds that: (1) at least 70 percent of the acreage has unusual terrain or soil deficiencies requiring physical preparation for use; and (2) the cost of preparing the land would exceed the fair market value of the property.</p> <p>Subd. 2. Special rules. Allows any redevelopment, soil deficiency, soil conditions, or renewal or renovation district established in the project area to operate under special rules, provided that before the establishment of a district under these special rules the city finds that 70 percent of the acreage of the project area is characterized by specified conditions requiring site preparation before being developed for commercial or residential purposes. Extends the deadline for districts operating under the special rules to undertake development debt within the district from five years to ten years. Allows districts operating under the special rules to spend up to 80 percent of increment outside the district but within the project area. Limits increment collection of a soil deficiency district to 21 years and limits use of increment from a soil deficiency district. Expires authority to establish a district under this section on December 31, 2026.</p> <p>Effective date: Effective the day after the chief clerical officer of Shakopee certifies that the governing body of the city has passed a resolution approving this section.</p>	<p>Section 13. Same, except for minor inconsequential formatting differences.</p>
27	<p>City of Spicer; small city designation.</p> <p>Deems Spicer a small city for the purpose of tax increment financing, allowing it to develop a wider array of commercial facilities with economic development districts.</p> <p>Effective date: Effective the day after the chief clerical officer of Spicer certifies that the governing</p>	<p>Section 1. Different. Makes a general law change to the definition of a ‘small city’ by reducing, from 10 miles to 5 miles, the distance required between cities.</p>

Comparison Summary of H.F. 1938 – House (H1938-3) / Senate (UEH1938-1)

Section	HOUSE Article 8: Tax Increment Financing	SENATE Article 7: Tax Increment Financing
	body of the city has passed a resolution approving this section.	
28	<p>City of West Saint Paul; tax increment financing authority.</p> <p>Subd. 1. Establishment. Allows the city of West Saint Paul or its economic development authority to establish one or more redevelopment districts in parcels specified by tax identification numbers. Allows the districts to follow the special rules in subdivision 2.</p> <p>Subd. 2. Special rules. Establishes special rules for a district established under subdivision 1 that would:</p> <ul style="list-style-type: none"> ▪ deem the district to be supported by a finding that the district is blighted, as defined by law; and ▪ deem expenditures on property identified in subdivision 1 as meeting the requirements that 90 percent of increment be spent on blight correction. <p>Effective date: Effective the day after the chief clerical officer of West Saint Paul certifies that the governing body of the city has passed a resolution approving this section.</p>	<p>Section 14. Similar. Senate provides that general law requirement that 90 percent of increment be spent on correct blight does not apply to the district rather than deeming expenditures as meeting the requirement.</p>
29	<p>City of Woodbury; Tax Increment Financing District No. 13; expenditures allowed; duration extension. Allows Woodbury to spend increment from Tax Increment Financing District No. 13 on maintenance of, and improvements to, Central Park. Allows Woodbury to extend the duration of the district by five years.</p> <p>Effective date: Authorization to expend increment on Central Park is effective the day after the chief clerical officer of Woodbury certifies that the governing body of the city has passed a resolution approving this section. Authorization to extend the duration of the district is effective once the chief clerical officer of Woodbury certifies that the governing bodies of Woodbury, Washington County, and Independent School District No. 833 have passed resolutions approving the extension.</p>	<p>Section 15. Same, except for minor inconsequential formatting differences.</p>

Section	HOUSE	SENATE Article 8: Office of the State Auditor: Tax Increment Financing General Law Changes
1	House article 8, section 1. Same, except that House provides that amounts paid for the purchase of land <i>and</i> buildings are not considered administrative expenses.	<p>Section 1. Administrative expenses. Provides a nonexhaustive list of documented expenses which count as administrative. Adds to list of expenditures which do not qualify as administrative the purchase of buildings and payment of property taxes or payments in lieu of taxes. Removes an obsolete reference. Clarifies that the definition does not apply</p>

Comparison Summary of H.F. 1938 – House (H1938-3) / Senate (UEH1938-1)

Section	HOUSE	SENATE Article 8: Office of the State Auditor: Tax Increment Financing General Law Changes
		<p>to county administrative costs of administering a TIF district.</p> <p>Effective date: Effective the day following final enactment and applies to all districts, regardless of when the request for certification was made.</p>
2	House article 8, section 2. Same.	<p>Section 2. Pay-as-you-go contract and note. Defines a “pay-as-you-go contract and note” as a written note or contractual obligation: (1) that evidences an authority’s commitment to reimburse the note holder for payment of the costs of activities, plus interest; (2) that pledges increment to reimburse the note holder; and (3) that has the note holder bear the risk that increment may be insufficient for reimbursement.</p> <p>Effective date: Effective the day following final enactment.</p>
3	House article 8, section 3. Same.	<p>Section 3. Annual financial reporting. Removes from the list of information that authorities must report to the Office of the State Auditor the month in which an authority first receives, or expects to receive, increment.</p> <p>Effective date: Effective the day following final enactment.</p>
4	House article 8, section 4. Same.	<p>Section 4. Limitation on administrative expenses. For the purposes of calculating the allowable amount of administrative expenses, excludes from the calculation of total tax increment those amounts paid to the county auditor either as excess increment or as remedies for unlawfully including or keeping a property in a TIF district. Exempts from caps on administrative expenses money which is: (1) from selling or leasing property purchased by the authority using increment; and (2) spent on maintaining these properties, including reserves for repairs and insurance costs.</p> <p>Effective date: Effective the day following final enactment and applies to all districts, regardless of when the request for certification was made.</p>
5	House article 8, section 5. Same.	<p>Section 5. Limitation of use of tax increment; general rule. Makes a grammatical correction. Adds payment of administrative expenses to the list of purposes for which TIF revenue can be used.</p> <p>Effective date: Effective the day following final enactment and applies to all districts, regardless of when the request for certification was made.</p>
6	House article 8, section 7. Same.	<p>Section 6. Expenditures outside district. Expands from county road costs to all county costs the amount to be deducted from the increment before calculating the in-district and out-of-district percentages of increment. Exempts amounts paid to the county auditor as excess increment or as remedies for unlawfully including or keeping a property in a TIF district from counting toward the</p>

Comparison Summary of H.F. 1938 – House (H1938-3) / Senate (UEH1938-1)

Section	HOUSE	SENATE Article 8: Office of the State Auditor: Tax Increment Financing General Law Changes
		<p>total revenue derived from the district for the purposes of percentage pooling limits. Considers all other amounts paid to the county auditor (except for payments for using increment on impermissible projects or areas) to be expenditures within the district for the purposes of pooling limits.</p> <p>Effective date: Effective the day following final enactment and applies to all districts with a request for certification date after April 30, 1990, except that the new treatment of amounts paid to the county auditor only applies to districts decertifying after December 31, 2023.</p>
7	House article 8, section 8. Same.	<p>Section 7. Five-year rule. Clarifies that expenditures on in-district activities not complying with the five-year rule are considered to have been expended on an activity outside the district. Removes an obsolete reference to public infrastructure projects. Removes expenditures on affordable housing from those listed as complying with the five-year rule.</p> <p>Effective date: Effective the day following final enactment and applies to all districts with a request for certification date after April 30, 1990.</p>
8	House article 8, section 9. Same.	<p>Section 8. Use of revenues for decertification. Requires decertification once the in-district amount of increment is sufficient to pay off in-district obligations, excluding a pay-as-you-go contract and note. Allows deferral of decertification for individual parcels whose increment is pledged to pay off a pay-as-you-go contract and note for in-district expenditures but requires decertification of unpledged parcels. For those districts for which the out-of-district percentage of increment has been increased by up to ten percent to fund affordable housing projects, defers decertification until the amount of increment eligible to be expended for housing purposes equals either the amount of the increase elected for in the tax increment financing plan or the ten percent maximum.</p> <p>Effective date: Effective the day following final enactment and applies to all districts with a request for certification after April 30, 1990, except that the provisions allowing deferral of decertification for pay-as-you-go contracts and notes apply only to districts for which the request for certification was made after the day following final enactment.</p>
9	House article 8, section 10. Same.	<p>Section 9. Pooling permitted for deficits. Makes a clarifying change in the formula for how to calculate the deficit of a district to determine how much an authority can transfer from another district to eliminate the deficit.</p> <p>Effective date: Effective the day following final enactment and applies only to districts for which the request for certification was made before August 1, 2001.</p>

Comparison Summary of H.F. 1938 – House (H1938-3) / Senate (UEH1938-1)

Section	HOUSE	SENATE Article 8: Office of the State Auditor: Tax Increment Financing General Law Changes
10	House article 8, section 11. Same.	<p>Section 10. Collection of increment. Removes an exception for failure to decertify a district from a requirement that an authority pay to the county auditor the amount generated from a property which was unlawfully included or kept in a TIF district.</p> <p>Effective date: Effective the day following final enactment.</p>
11	House article 8, section 12. Same.	<p>Section 11. Suspension of distribution of tax increment. Makes a clarifying change regarding a county auditor's withholding increments from authorities that fail to comply with their annual requirements for disclosure and financial reporting.</p> <p>Effective date: Effective the day following final enactment.</p>
12	House article 8, section 13. Same.	<p>Section 12. Expenditure of increment. Expands the sources of permitted purposes of TIF expenditures from Minnesota Statutes, section 469.176 to Minnesota Statutes, sections 469.174 through 469.1794 (the portion of Minnesota Statutes, chapter 469 governing TIF). An amount equal to the amount of TIF revenues expended for anything other than a permitted purpose must be paid to the county auditor.</p> <p>Effective date: Effective the day following final enactment.</p>

Section	HOUSE No comparable article	SENATE Article 9: Local Sales and Use Taxes
1		<p>Authorization; scope. Strikes language that prohibits political subdivisions from spending funds related to a local sales tax and re-states it in a new paragraph. Clarifies that a political subdivision may spend funds to disseminate information included in the resolution submitted to the chair and ranking members of the Senate and House Taxes committees as required under current law.</p> <p>Effective date: Day following final enactment.</p>
2		<p>Local resolution before application for authority. Requires that the resolution be adopted no more than 90 days before the date of submission to the chairs and ranking members. Requires a political subdivision to submit an amended resolution if, after the original resolution submitted by January 31, it seeks to add a project to be funded by the local sales tax, increase the amount used for any project, increase the total revenue raised for all projects, or increase the length of time that the tax will be in effect if all projects are funded. Strikes the definition of “capital project” under current law.</p> <p>Effective date: Day following final enactment.</p>

Comparison Summary of H.F. 1938 – House (H1938-3) / Senate (UEH1938-1)

Section	HOUSE No comparable article	SENATE Article 9: Local Sales and Use Taxes
3		<p>Legislative authority required before voter approval; requirements for adoption, use, termination. Clarifies that a political subdivision must receive legislative approval to modify a previously authorized local sales tax. Clarifies that voter approval of a new or modified tax is subject to voter approval at an election held on the first Tuesday after the first Monday in November to allow jurisdictions with elections in odd-numbered years to conduct the referendum within the required two-year period after a new or modified local sales tax is authorized. Provides that a political subdivision is not required to list each project separately for approval on the ballot but must still list the projects proposed to be funded with the tax, the amount for each project, and the estimated length of time the tax will be in effect. Specifies that if a modification to a tax or project is not approved by the voters, the termination date and total amount that may be raised must be reduced proportionately.</p> <p>Effective date: For new local sales taxes authorized in May 2023, and thereafter.</p>
4		<p>Sales and use tax authorization. Authorizes the city of St. Paul to impose a one percent local sales tax.</p> <p>Effective date: Upon filing of local approval with the secretary of state.</p>
5		<p>Use of revenues. Requires the tax to be used to pay the costs of collecting and administering the tax and to finance \$738 million for a Physical Transportation Fund and \$246 million for a Recreational Infrastructure Fund.</p> <p>Effective date: Upon filing of local approval with the secretary of state.</p>
6		<p>Bonding authority. Authorizes the city to bond for the amounts specified in section 5 if approved by the voters.</p> <p>Effective date: Upon filing of local approval with the secretary of state.</p>
7		<p>Expiration of taxing authority. Requires the tax to terminate at the earlier of 20 years or when revenues are sufficient to pay for the approved projects and any associated bond costs.</p> <p>Effective date: Upon filing of local approval with the secretary of state.</p>
8		<p>Authorization; extension. Authorizes the city of Rochester to extend its 0.5 percent local sales tax to fund projects specified in section 9. Allows the city to present one ballot question for all projects.</p> <p>Effective date: Upon filing of local approval with the secretary of state.</p>
9		<p>Use of sales and use tax revenues; additional projects. Requires the tax to be used to pay the costs</p>

Comparison Summary of H.F. 1938 – House (H1938-3) / Senate (UEH1938-1)

Section	HOUSE No comparable article	SENATE Article 9: Local Sales and Use Taxes
		<p>of collecting and administering the tax and to finance the following projects:</p> <ul style="list-style-type: none"> ▪ \$60 million for an economic vitality fund, subject to adoption of a resolution to allow an additional \$10 million for the fund, which was initially authorized at \$50 million. The additional \$10 million must be used for a grant to Rochester Area Economic Development, Inc. (RAEDI) to make grants and loans for economic development projects. \$5 million must be used for grants and loans for economic development projects in the city, and \$5 million must be used for grants and loans for economic development projects in communities located in the Rochester metropolitan statistical area, including the cities of Pine Island, St. Charles, and Zumbrota, and excluding the city of Rochester. If the city does not pass a resolution allowing an additional \$10 million for the fund, then it must use \$10 million out of the initially authorized \$50 million for the grant to RAEDI. ▪ \$50 million for street reconstruction; ▪ \$40 million for flood control and water quality, excluding removal of the MN00515 dam; and ▪ \$65 million for a sports and recreation complex. <p>Effective date: Upon filing of local approval with the secretary of state.</p>
10		<p>Bonding authority; additional projects and extension of tax. Authorizes the city to bond for these projects up to the amount to cover the costs of issuing the bonds, subject to voter approval and adoption of a new resolution to allow an additional \$10 million for economic development in Rochester and surrounding cities.</p> <p>Effective date: Upon filing of local approval with the secretary of state.</p>
11		<p>Termination of taxes. Requires the tax to terminate at the earlier of 24 years or when revenues are sufficient to pay for the approved projects and any associated bond costs.</p> <p>Effective date: Upon filing of local approval with the secretary of state.</p>
12		<p>City of North Mankato; taxes authorized. Authorizes the city of Mankato to extend its current local sales tax to cover an additional \$15 million in bonds, plus associated bond costs, to cover currently authorized projects, and to extend the imposition of the tax for an additional six years, or when revenues from the</p>

Comparison Summary of H.F. 1938 – House (H1938-3) / Senate (UEH1938-1)

Section	HOUSE No comparable article	SENATE Article 9: Local Sales and Use Taxes
		<p>tax equal or exceed \$21 million plus the amount needed to pay bond issuance costs.</p> <p>Effective date: Upon filing of local approval with the secretary of state.</p>
13		<p>City of Marshall; sales and use tax. Authorizes an extension, subject to voter approval, of the 0.5 percent Marshall local sales tax to fund \$18.37 million, plus associated bonding costs, for a new municipal aquatic center. Authorizes the city to bond for the project up to the amount to cover the costs of issuing the bonds. The tax terminates at the earlier of 35 years after the existing local sales tax was first imposed, or when revenues are sufficient to pay for the approved project and any associated bond costs.</p> <p>Effective date: Upon filing of local approval with the secretary of state.</p>
14		<p>Sales and use tax authorization; modification. Authorizes the city of Avon to increase the amount of tax that may be raised and the length of the time that the tax may be imposed, subject to voter approval.</p> <p>Effective date: Upon filing of local approval with the secretary of state.</p>
15		<p>Bonding authority. Authorizes the city to issue bonds to fund up to \$8.135 million for previously authorized street improvement projects.</p> <p>Effective date: Upon filing of local approval with the secretary of state.</p>
16		<p>Termination of taxes. Provides that the tax terminates at the earlier of the date established under current law , or when \$8.153 million has been received, plus an amount sufficient to pay bond issuance costs.</p> <p>Effective date: Upon filing of local approval with the secretary of state.</p>
17		<p>City of Excelsior; local sales and use tax authorized. Authorizes an extension of the 0.5 percent local sales tax, subject to voter approval, to fund an additional \$23 million for further improvements to The Commons. The tax was initially authorized in 2019 to fund up to \$7 million in improvements. Authorizes the city to bond up to the additional amount to cover the costs of issuing the bonds.</p> <p>Effective date: Upon filing of local approval with the secretary of state.</p>
18		<p>City of Rogers; local taxes authorized. Authorizes the city of Rogers to raise an additional \$8.5 million from its 0.25 percent local sales tax and bond up to the additional amount, plus an amount to cover the cost of issuing the bonds, to fund projects first authorized in 2019.</p>

Comparison Summary of H.F. 1938 – House (H1938-3) / Senate (UEH1938-1)

Section	HOUSE No comparable article	SENATE Article 9: Local Sales and Use Taxes
		Effective date: Upon filing of local approval with the secretary of state.
19		City of Edina; taxes authorized. Increases the amount authorized to be funded with the Edina 0.5 percent local sales tax authorized in 2021 for the Braemar Park project by \$31.7 million and authorizes bonding up to that amount plus an amount necessary to cover the cost of issuing the bonds. Effective date: Upon filing of local approval with the secretary of state.
20		Use of sales and use tax revenues. Authorizes the city of Fergus Falls to use their 0.5 percent local sales tax to fund an additional \$3 million for the aquatic center project that was authorized in 2021, without holding another election. Effective date: Upon filing of local approval with the secretary of state.
21		Bonding authority. Authorizes the city of Fergus Falls to increase the amount of bonds issued for the aquatic center project pursuant to the authorization in section 20. Effective date: Upon filing of local approval with the secretary of state.
22		Use of sales and use tax revenues. Increases the authorized project costs for the Oakdale local sales tax authorized in 2021 from \$22 million to \$28 million for a new public works facility and from \$15 million to \$18 million for the police department facility.
23		Bonding authority. Increases the amount of bonding authority for the projects specified in section 22.
24		Termination of taxes. Increases the duration of the tax from 25 to 30 years after first imposed.
25		Requirements. Requires the city to submit an updated resolution reflecting approval of these modifications and requires voter approval of the increased project costs and duration of tax. Effective date: Upon filing of local approval with the secretary of state.
26		Termination of taxes. Extends the duration that the Waite Park local sales tax may be imposed from 19 to 20 years. The tax was first authorized in 2021. Effective date: Day following final enactment.
27		Beltrami County; taxes authorized. Authorizes Beltrami County to impose a local sales and use tax of up to 0.625 percent to fund up to \$80 million for a new county jail and allows the county to bond for that amount if approved by the voters. The tax terminates at the earlier of 30 years after first

Comparison Summary of H.F. 1938 – House (H1938-3) / Senate (UEH1938-1)

Section	HOUSE No comparable article	SENATE Article 9: Local Sales and Use Taxes
		<p>imposed, or when revenues are sufficient to pay for the approved project and any associated bond costs.</p> <p>Effective date: Upon filing of local approval with the secretary of state.</p>
28		<p>City of Blackduck; taxes authorized. Authorizes the city of Blackduck to impose a local sales and use tax of up to 0.5 percent to fund the following projects:</p> <ul style="list-style-type: none"> ▪ \$200,000 for Pine Tree Park Municipal Campground improvements ▪ \$300,000 for Blackduck Trail improvements ▪ \$250,000 for Blackduck City Wayside Rest improvements ▪ \$150,000 for Blackduck City Golf Course irrigation improvements ▪ \$100,000 for the Blackduck City Library reconstruction project <p>Allows the city to bond for amounts for projects approved by the voters. The tax terminates at the earlier of 20 years after first imposed, or when revenues are sufficient to pay for the approved projects and any associated bond costs.</p> <p>Effective date: Upon filing of local approval with the secretary of state.</p>
29		<p>City of Bloomington; taxes authorized. Authorizes the city of Bloomington to impose a local sales and use tax of up to 0.5 percent to fund the following projects:</p> <ul style="list-style-type: none"> ▪ \$35 million for Bloomington Ice Garden construction and rehabilitation ▪ \$100 million for a new community health and wellness center ▪ \$20 million for the Nine Mile Creek Corridor renewal <p>Allows the city to bond for amounts for projects approved by the voters. The tax terminates at the earlier of 20 years after first imposed, or when revenues are sufficient to pay for the approved projects and any associated bond costs.</p> <p>Effective date: Upon filing of local approval with the secretary of state.</p>
30		<p>City of Brooklyn Center; taxes authorized. Authorizes the city of Brooklyn Center to impose a local sales and use tax of 0.5 percent to fund up to \$44 million for construction of the Brooklyn Center Community Center and allows the city to bond for that amount if approved by the voters. The tax terminates at the earlier of 20 years after first imposed, or when revenues are sufficient to pay for the approved project and any associated bond costs.</p> <p>Effective date: Upon filing of local approval with the secretary of state.</p>

Comparison Summary of H.F. 1938 – House (H1938-3) / Senate (UEH1938-1)

Section	HOUSE No comparable article	SENATE Article 9: Local Sales and Use Taxes
31		<p>City of Chanhassen; taxes authorized. Authorizes the city of Chanhassen to impose a local sales and use tax of up to 0.5 percent to fund up to \$40 million for construction of the Avienda Recreational Facility and allows the city to bond for that amount if approved by the voters. The tax terminates at the earlier of 20 years after first imposed, or when revenues are sufficient to pay for the approved project and any associated bond costs.</p> <p>Effective date: Upon filing of local approval with the secretary of state.</p>
32		<p>City of Cottage Grove; taxes authorized. Authorizes the city of Cottage Grove to impose a local sales and use tax of up to 0.5 percent to fund the following projects:</p> <ul style="list-style-type: none"> ▪ \$17 million for improvements to Hamlet Park ▪ \$6 million for improvements to the River Oaks Golf Course ▪ \$13 million for improvements to Mississippi Dunes Park <p>Allows the city to bond for amounts for projects approved by the voters. The tax terminates at the earlier of 25 years after first imposed, or when revenues are sufficient to pay for the approved projects and any associated bond costs.</p> <p>Effective date: Upon filing of local approval with the secretary of state.</p>
33		<p>City of Detroit Lakes; taxes authorized. Authorizes the city of Detroit Lakes to impose a local sales and use tax of up to 0.5 percent to fund up to \$17.3 million for construction and renovation of the Detroit Lakes Pavilion and allows the city to bond for that amount if approved by the voters. The tax terminates at the earlier of 12 years after first imposed, or when revenues are sufficient to pay for the approved project and any associated bond costs.</p> <p>Effective date: Upon filing of local approval with the secretary of state.</p>
34		<p>City of Dilworth; taxes authorized. Authorizes the city of Dilworth to impose a local sales and use tax of up to 0.5 percent to fund up to \$5.4 million for construction of a community and recreational center and allows the city to bond for that amount if approved by the voters. The tax terminates at the earlier of 25 years after first imposed, or when revenues are sufficient to pay for the approved project and any associated bond costs.</p> <p>Effective date: Upon filing of local approval with the secretary of state.</p>
35		<p>City of East Grand Forks; taxes authorized. Authorizes the city of East Grand Forks to impose a local sales and use tax of up to one percent to fund the following projects:</p>

Comparison Summary of H.F. 1938 – House (H1938-3) / Senate (UEH1938-1)

Section	HOUSE No comparable article	SENATE Article 9: Local Sales and Use Taxes
		<ul style="list-style-type: none"> ▪ \$6.745 million for reconstruction and renovation of and upgrades and enhancements to Civic Center Sports Complex ▪ \$8 million for reconstruction and renovation of, and upgrades and enhancements to VFW Memorial and Blue Line Arena <p>Allows the city to bond for amounts for projects approved by the voters. The tax terminates at the earlier of 20 years after first imposed, or when revenues are sufficient to pay for the approved projects and any associated bond costs.</p> <p>Effective date: Upon filing of local approval with the secretary of state.</p>
36		<p>City of Fairmont; taxes authorized. Authorizes the city of Fairmont to impose a local sales and use tax of up to 0.5 percent to fund up to \$20 million for construction of a community center and ice arena and allows the city to bond for that amount if approved by the voters. The tax terminates at the earlier of 25 years after first imposed, or when revenues are sufficient to pay for the approved project and any associated bond costs.</p> <p>Effective date: Upon filing of local approval with the secretary of state.</p>
37		<p>City of Henderson; taxes authorized. Authorizes the city of Henderson to impose a local sales and use tax of up to 0.5 percent to fund up to \$250,000 for the Allanson’s Park Campground and Trail Project and allows the city to bond for that amount if approved by the voters. The tax terminates at the earlier of 15 years after first imposed, or when revenues are sufficient to pay for the approved project and any associated bond costs.</p> <p>Effective date: Upon filing of local approval with the secretary of state.</p>
38		<p>City of Hibbing; taxes authorized. Authorizes the city of Hibbing to impose a local sales and use tax of up to 0.5 percent to fund up to \$19.6 million for construction of a regional public safety center and allows the city to bond for that amount if approved by the voters. The tax terminates at the earlier of 20 years after first imposed, or when revenues are sufficient to pay for the approved project and any associated bond costs.</p> <p>Effective date: Upon filing of local approval with the secretary of state.</p>
39		<p>City of Golden Valley; taxes authorized. Authorizes the city of East Grand Forks to impose a local sales and use tax of up to one percent to fund the following projects:</p> <ul style="list-style-type: none"> ▪ \$45 million for construction of a new public works facility

Comparison Summary of H.F. 1938 – House (H1938-3) / Senate (UEH1938-1)

Section	HOUSE No comparable article	SENATE Article 9: Local Sales and Use Taxes
		<ul style="list-style-type: none"> ▪ \$15 million for purchase of land for the public works facility; and ▪ \$45 million for construction of a new public safety facility <p>Allows the city to bond for amounts for projects approved by the voters. The tax terminates at the earlier of 30 years after first imposed, or when revenues are sufficient to pay for the approved projects and any associated bond costs.</p> <p>Effective date: Upon filing of local approval with the secretary of state.</p>
40		<p>City of Jackson; taxes authorized. Authorizes the city of Jackson to impose a local sales and use tax of one percent to fund up to \$5.75 million for construction, renovation, and improvements to a new outdoor athletic complex and allows the city to bond for that amount if approved by the voters. The tax terminates at the earlier of 30 years after first imposed, or when revenues are sufficient to pay for the approved project and any associated bond costs.</p> <p>Effective date: Upon filing of local approval with the secretary of state.</p>
41		<p>Jackson County; taxes authorized. Authorizes Jackson County to impose a local sales and use tax of one percent to fund up to \$39 million for construction of a new law enforcement center and government center and allows the county to bond for that amount if approved by the voters. The tax terminates at the earlier of 30 years after first imposed, or when revenues are sufficient to pay for the approved project and any associated bond costs.</p> <p>Effective date: Upon filing of local approval with the secretary of state.</p>
42		<p>City of Monticello; taxes authorized. Authorizes the city of Monticello to impose a local sales and use tax of 0.5 percent to fund the following projects:</p> <ul style="list-style-type: none"> ▪ \$15 million for construction and rehabilitation of the Bertram Chain of Lakes Regional Athletic Park ▪ \$15 million for construction and improvements to the Pointes at Cedar Recreation Area <p>Allows the city to bond for amounts for projects approved by the voters. The tax terminates at the earlier of 20 years after first imposed, or when revenues are sufficient to pay for the approved projects and any associated bond costs.</p> <p>Effective date: Upon filing of local approval with the secretary of state.</p>
43		<p>City of Mounds View; taxes authorized. Authorizes the city of Mounds View to impose a local sales and use tax of up to 0.5 percent to fund up to \$16.5 million for construction of an expanded community</p>

Comparison Summary of H.F. 1938 – House (H1938-3) / Senate (UEH1938-1)

Section	HOUSE No comparable article	SENATE Article 9: Local Sales and Use Taxes
		<p>center into a regional amateur sports and recreational facility and allows the city to bond for that amount if approved by the voters. The tax terminates at the earlier of 20 years after first imposed, or when revenues are sufficient to pay for the approved project and any associated bond costs.</p> <p>Effective date: Upon filing of local approval with the secretary of state.</p>
44		<p>City of Proctor; taxes authorized. Authorizes the city of Proctor to impose a local sales and use tax of 0.5 percent to fund up to \$48 million for construction of a new trail spur and allows the city to bond for that amount if approved by the voters. The tax terminates at the earlier of 20 years after first imposed, or when revenues are sufficient to pay for the approved project and any associated bond costs.</p> <p>Effective date: Upon filing of local approval with the secretary of state.</p>
45		<p>Rice County; taxes authorized. Authorizes Rice County to impose a local sales and use tax of up to 0.375 percent to fund up to \$39 million for construction of a public safety facility and allows the county to bond for that amount if approved by the voters. The tax terminates at the earlier of 30 years after first imposed, or when revenues are sufficient to pay for the approved project and any associated bond costs.</p> <p>Effective date: Upon filing of local approval with the secretary of state.</p>
46		<p>City of Richfield; taxes authorized. Authorizes the city of Richfield to impose a local sales and use tax of 0.5 percent to fund the following projects:</p> <ul style="list-style-type: none"> ▪ \$11 million for Wood Lake Nature Center construction and improvements ▪ \$9 million for improvements to Veterans Park Complex ▪ \$45 million for a new Richfield Community Center <p>Allows the city to bond for amounts for projects approved by the voters. The tax terminates at the earlier of 20 years after first imposed, or when revenues are sufficient to pay for the approved projects and any associated bond costs.</p> <p>Effective date: Upon filing of local approval with the secretary of state.</p>
47		<p>City of Roseville; taxes authorized. Authorizes the city of Roseville to impose a local sales and use tax of 0.5 percent to fund the following projects:</p> <ul style="list-style-type: none"> ▪ \$64.2 million for construction of a new maintenance facility ▪ \$12.7 million for construction of a new license and passport center

Comparison Summary of H.F. 1938 – House (H1938-3) / Senate (UEH1938-1)

Section	HOUSE No comparable article	SENATE Article 9: Local Sales and Use Taxes
		<p>Allows the city to bond for amounts for projects approved by the voters. The tax terminates at the earlier of 20 years after first imposed, or when revenues are sufficient to pay for the approved projects and any associated bond costs.</p> <p>Effective date: Upon filing of local approval with the secretary of state.</p>
48		<p>City of St. Joseph; taxes authorized. Authorizes the city of St. Joseph to impose a local sales and use tax of 0.5 percent to fund the following projects:</p> <ul style="list-style-type: none"> ▪ \$11 million for construction of Phase II of the St. Joseph community center expansion ▪ \$6 million for Phases II and II of improvements to East Park along the Sauk River <p>Allows the city to bond for amounts for projects approved by the voters. The tax terminates at the earlier of 20 years after first imposed, or when revenues are sufficient to pay for the approved projects and any associated bond costs.</p> <p>Effective date: Upon filing of local approval with the secretary of state.</p>
49		<p>Stearns County; taxes authorized. Authorizes Stearns County to impose a local sales and use tax of up to 0.375 percent to fund up to \$325 million for construction of the Stearns County Justice Center and allows the county to bond for that amount if approved by the voters. The tax terminates at the earlier of 30 years after first imposed, or when revenues are sufficient to pay for the approved project and any associated bond costs.</p> <p>Effective date: Upon filing of local approval with the secretary of state.</p>
50		<p>City of Stillwater; taxes authorized. Authorizes the city of Stillwater to impose a local sales and use tax of 0.5 percent to fund up to \$12.5 million for construction, renovation, and improvements to the Riverfront Improvement Project and allows the city to bond for that amount if approved by the voters. The tax terminates at the earlier of 20 years after first imposed, or when revenues are sufficient to pay for the approved project and any associated bond costs.</p> <p>Effective date: Upon filing of local approval with the secretary of state.</p>
51		<p>Winona County; taxes authorized. Authorizes Winona County to impose a local sales and use tax of up to 0.25 percent to fund up to \$28 million for construction of a new correctional facility and allows the county to bond for that amount if approved by the voters. The tax terminates at the earlier of 25 years after first imposed, or when revenues are</p>

Comparison Summary of H.F. 1938 – House (H1938-3) / Senate (UEH1938-1)

Section	HOUSE No comparable article	SENATE Article 9: Local Sales and Use Taxes
		<p>sufficient to pay for the approved project and any associated bond costs.</p> <p>Effective date: Upon filing of local approval with the secretary of state.</p>
52		<p>City of Woodbury; taxes authorized. Authorizes the city of Woodbury to impose a local sales and use tax of 0.5 percent to fund up to \$50 million for construction of a new public safety campus and allows the city to bond for that amount if approved by the voters. The tax terminates at the earlier of 20 years after first imposed, or when revenues are sufficient to pay for the approved project and any associated bond costs.</p> <p>Effective date: Upon filing of local approval with the secretary of state.</p>

Section	HOUSE Article 9: Local Taxes	SENATE Article 10: Local Special Taxes
1	<p>Duluth tourism tax; food and beverage. Provides an extension of the food and beverage tax portion of Duluth’s tourism tax to allow the city to collect up to \$54,000,000 for additional capital improvements to parks-based public athletic facilities. Makes a corresponding change to the amount of bonds the city is able to issue.</p> <p>Effective date: Effective the day after the governing body of the city of Duluth and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.</p>	No comparable provision.
2	<p>Duluth tourism tax; lodging tax. Provides an extension of the lodging tax portion of Duluth’s tourism tax to allow the city to collect up to \$54,000,000 for additional capital improvements to parks-based public athletic facilities.</p> <p>Effective date: Effective the day after the governing body of the city of Duluth and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.</p>	No comparable provision.
3	<p>Cook County lodging tax. Eliminates a 2008 authorization allowing Cook County to impose an up to three percent tax on admissions to entertainment and recreational facilities, as well as the rental of recreational equipment.</p> <p>Extends the duration of the authorized lodging tax from 15 years to 30 years.</p> <p>Effective date: Effective the day following final enactment.</p>	Same.
4	No comparable provision.	<p>Section 2. Lake of the Woods County lodging tax authorized. Authorizes Lake of the Woods County to impose a lodging tax of up to three percent. The authorization does not apply to a statutory or home rule city or town located in the county that imposes a</p>

Comparison Summary of H.F. 1938 – House (H1938-3) / Senate (UEH1938-1)

Section	HOUSE Article 9: Local Taxes	SENATE Article 10: Local Special Taxes
		<p>lodging tax, or to the city of Baudette. The total tax rate under existing statutory authority and this bill must not exceed three percent. Revenues from the tax must be used to fund a new event and visitors bureau established by the county Board of Commissioners to market the county. The Board must annually review the bureau’s budget. The bureau may receive revenue from the tax only upon approval of the budget by the board.</p> <p>Effective date: Upon filing of local approval with the secretary of state.</p>
5	No comparable provision.	<p>Section 3. City of Wayzata food and beverage tax. Authorizes the city of Wayzata to impose up to a one percent food and beverage tax on the sale of food and beverages by a restaurant or place of refreshment. Those terms would be defined by the city in the ordinance imposing the tax and would include alcoholic beverages. Tax revenues must be used for operating, maintenance, and capital expenses for city parks; operating costs to provide public safety for the city as a regional destination; and costs related to attracting and retaining downtown businesses. The city may enter into an agreement with the Department of Revenue to administer the tax.</p> <p>Effective date: Upon filing of local approval with the secretary of state.</p>

Section	HOUSE Article 10: Public Finance	SENATE Article 11: Public Finance
1	<p>Time deposits. Allows local public funds to be invested in time deposits that are fully insured by the National Association of Credit Unions.</p> <p>Effective date: Effective August 1, 2023.</p>	No comparable provision.
2	<p>Purchase of certain equipment. For general obligation certificates of indebtedness or capital notes issued by a school district, extends the period in which the certificates or notes must be payable from ten years to 20 years.</p> <p>Effective date: Effective August 1, 2023.</p>	Section 1. Same.
3	<p>Certificates of indebtedness. For certificates of indebtedness issued by a town, extends the period in which the certificates must be payable from ten years to 20 years.</p> <p>Effective date: Effective August 1, 2023.</p>	Section 2. Same.
4	<p>Capital notes. For capital notes issued by a county to purchase capital equipment, extends the period in which the notes must be payable from ten years to 20 years.</p> <p>Effective date: Effective August 1, 2023.</p>	Section 3. Same.
5	<p>Equipment acquisition; capital notes. For capital notes issued by Hennepin County, extends the</p>	Section 4. Same.

Comparison Summary of H.F. 1938 – House (H1938-3) / Senate (UEH1938-1)

Section	HOUSE Article 10: Public Finance	SENATE Article 11: Public Finance
	<p>period in which the notes must be payable from ten years to 20 years.</p> <p>Effective date: Effective August 1, 2023.</p>	
6	<p>Cities may issue capital notes for capital equipment. For capital notes issued by a home rule charter city, extends the period in which the notes must be payable from ten years to 20 years.</p> <p>Effective date: Effective August 1, 2023.</p>	<p>Section 5. Same.</p>
7	<p>Financing purchase of certain equipment. For certificates of indebtedness or capital notes issued by a statutory city, extends the period in which the certificates or notes must be payable from ten years to 20 years.</p> <p>Effective date: Effective August 1, 2023.</p>	<p>Section 6. Same</p>
8	<p>Operation area as a taxing district, special tax. Applies the levy certification requirements for special taxing districts to housing and redevelopment authorities.</p> <p>Effective date: Effective August 1, 2023.</p>	<p>Section 7. Same.</p>
9	<p>Mandatory city levy. Applies the levy certification requirements for special taxing districts to port authorities.</p> <p>Effective date: Effective August 1, 2023.</p>	<p>Section 8. Same.</p>
10	<p>Discretionary city levy. Applies the levy certification requirements for special taxing districts to port authorities.</p> <p>Effective date: Effective August 1, 2023.</p>	<p>Section 9. Same.</p>
11	<p>City tax levy. Applies the levy certification requirements for special taxing districts to economic development authorities.</p> <p>Effective date: Effective August 1, 2023.</p>	<p>Section 10. Same.</p>
	<p>No comparable provision.</p>	<p>Section 11. Obligations. Authorizes the Metropolitan Council to issue general obligation bonds totaling \$104,545 million to implement the Council’s transit capital improvement program. Of this amount, the Council may issue bonds not exceeding \$51.5 million after July 1, 2023, and not exceeding \$53.045 million after July 1, 2024.</p> <p>Effective date. This section is effective the day following final enactment.</p>
	<p>No comparable provision.</p>	<p>Section 12. Limitation; light rail transit. Prohibits the Metropolitan Council from using any proceeds from bonds issued under section 11 for light rail transit, including project development, land acquisition or construction to establish or expand a light rail line.</p> <p>Effective date. This section is effective the day following final enactment.</p>
12	<p>Public facilities project. Removes the requirement that public facilities funded by tax-exempt bonds</p>	<p>Section 13. Same.</p>

Comparison Summary of H.F. 1938 – House (H1938-3) / Senate (UEH1938-1)

Section	HOUSE Article 10: Public Finance	SENATE Article 11: Public Finance
	<p>must be publicly owned or be district heating and cooling facilities, which would allow any facility eligible to be financed under federal tax rules with tax-exempt bonds to qualify.</p> <p>Effective date: Effective August 1, 2023.</p>	
13	<p>Qualified bonds. Strikes existing language that limits the projects that can be funded by public facility bonds, which would allow these bonds to finance any project for which the bonds can be used under federal tax rules.</p> <p>Effective date: Effective August 1, 2023.</p>	<p>Section 14. Same.</p>
14	<p>In installments; exception; annual limit. Removes the requirement that the 40-year term limit for tax-exempt bonds used to finance municipal water and wastewater treatment systems is only allowed for systems financed or guaranteed by the United States Department of Agriculture.</p> <p>Effective date: Effective August 1, 2023.</p>	<p>Section 15. Same.</p>
	<p>Article 12, section 29. Same, except for inconsequential differences in effective date.</p>	<p>Section 16. City of St. Paul; capital improvement bonds. Extends, by ten years, and increases, from \$20 million to \$30 million, the authority of the city of St Paul to issue capital improvement bonds.</p> <p>Effective date. This section is effective upon city approval and filing requirements.</p>
	<p>Article 12, section 31. Same, except that House provision is effective without city approval.</p>	<p>Section 17. City of Virginia; net debt limit exemption. Authorizes the city of Virginia to finance the construction of a public safety building with a loan from the United States Department of Agriculture and provides that any bonds issued relating to the project or repayment of the loan shall not be included in the computation of the city's limit on net debt.</p> <p>Effective date. This section is effective upon city approval and filing requirements.</p>

Section	HOUSE Article 11: Purpose Statements	SENATE
1	<p>Statement of intent; tax expenditure purpose statements. States that the intent of the article is to identify purpose statements for tax expenditures in this act, as well as purpose statements for tax expenditures enacted in prior years.</p>	<p>No comparable provision.</p>
2	<p>Tax expenditure purpose statements. Identifies purpose statements for tax expenditures included in this act.</p>	<p>No comparable provision.</p>
3	<p>Purpose statements; 2019 omnibus tax bill. Identifies purpose statements for tax expenditures included in the 2019 omnibus tax bill.</p>	<p>No comparable provision.</p>

Comparison Summary of H.F. 1938 – House (H1938-3) / Senate (UEH1938-1)

Section	HOUSE Article 11: Purpose Statements	SENATE
4	Purpose statements; 2017 omnibus tax bill. Identifies purpose statements for tax expenditures included in the 2017 omnibus tax bill.	No comparable provision.
5	Purpose statements; 2017 tax conformity bill. Identifies purpose statements for tax expenditures included in the 2017 tax conformity bill.	No comparable provision.
6	Purpose statements; 2016 omnibus tax bill. Identifies purpose statements for tax expenditures included in the 2016 omnibus tax bill.	No comparable provision.
7	Purpose statements; 2014 omnibus tax bill. Identifies purpose statements for tax expenditures included in the 2014 omnibus tax bill.	No comparable provision.

Section	HOUSE	SENATE Article 12: Stadium Reserve
1	No comparable provision.	Section 1. Sports facilities transfers; appropriations. Makes conforming changes and strikes obsolete language. Effective July 1, 2023.
2	No comparable provision. See also House article 12, section 11, re: the city of Minneapolis stadium debt service support payments.	Section 2. General fund allocations. Repeals the requirement that the commissioner of revenue retain sales tax revenue generated in Minneapolis for the purpose of repaying state payments made to the Minnesota Sports Facilities Authority from 2016 through 2020 for operating and capital expenses related to U.S. Bank Stadium. Requires that certain tax revenues remitted to the Minnesota Sports Facilities Authority be used for capital improvements. Effective July 1, 2023.
3	No comparable provision.	Section 3. Operating expenses. Makes conforming changes. Effective July 1, 2023.
4	No comparable provision	Section 4. Capital improvements. Makes conforming changes. Effective July 1, 2023.
5	No comparable provision.	Section 5. Appropriation; secure perimeter. Appropriates \$15.7 million in fiscal year 2023 from the general fund to the commissioner of management and budget to provide for the construction of a perimeter fence around U.S. Bank Stadium. Effective the day following final enactment.
6	No comparable provision.	Section 6. Optional debt payoff; appropriation. Appropriates an amount in fiscal year 2023 from the general fund that, when added to the balance of the stadium reserve account, is sufficient to prepay outstanding debt on the bonds sold to finance the construction of U.S. Bank Stadium. The appropriation is made available to the commissioner of management and budget to prepay the 40 outstanding debt if the amount in the stadium reserve account is insufficient to prepay the outstanding debt. Effective the day following final enactment.

Comparison Summary of H.F. 1938 – House (H1938-3) / Senate (UEH1938-1)

Section	HOUSE	SENATE Article 12: Stadium Reserve
7	No comparable provision.	Section 7. Repealer. Repeals the statutory sections authorizing the issuance of appropriation bonds to finance the construction of U.S. Bank Stadium and requiring the deposit of certain revenues in the stadium reserve account. Effective upon notification by the commissioner of management and budget to the revisor of statutes that the stadium debt is no longer outstanding.

Section	HOUSE Article 12: Miscellaneous	SENATE Article 13: Miscellaneous
	No comparable provision.	Section 1. Local election expense reimbursement. Establishes the local election expense reimbursement program. Creates the local election reimbursement account in the special revenue fund and appropriates money in the account to the secretary of state to reimburse local governments for up to 80 percent of certain election expenses. Provides a process for submitting requests for reimbursement. Requires the secretary of state to report to the legislature. Beginning in fiscal year 2024, transfers \$6 million annually from the general fund to the reimbursement account to fund reimbursements. Effective July 1, 2023.
	No comparable provision. See also H.F. 1830, third engrossment, article 4, section 5, establishing an annual transfer to the voting equipment and infrastructure grant account.	Section 2. Voting equipment and infrastructure grant account. Expands the existing grant program to include expenditures for hardware or software for election-related purposes, cybersecurity, and security-related infrastructure for election-related purposes. Increases the maximum grant to no more than 80 percent of the total cost. Beginning in fiscal year 2024, transfers \$4 million annually from the general fund to the grant account to fund grants. Effective July 1, 2023.
	No comparable provision.	Section 3. Amateur sports account. Establishes the amateur sports account in the special revenue fund and appropriates the amount in the account to the amateur sports commission. Effective July 1, 2023.
	Similar to House article 16, section 1.	Section 4. Taxes paid by Indians. Provides that the population used to compute refunds and payments under tax agreements between the commissioner of revenue and tribal governments is the number of enrolled members of the tribe who live on or adjacent to the reservation as reported to the commissioner by the tribe. (Current law provides that the on-or-adjacent-to population must be obtained from a Bureau of Indian Affairs report that is no longer submitted by the tribes or published by the Bureau.) Provides that refunds are meant to approximate the tax paid on the reservation by tribal members, or the amount they would have paid on the reservation if there was no agreement. Gives instructions to the commissioner on how estimates should be calculated. Effective retroactively for

Comparison Summary of H.F. 1938 – House (H1938-3) / Senate (UEH1938-1)

Section	HOUSE Article 12: Miscellaneous	SENATE Article 13: Miscellaneous
		agreements entered into or amended after December 31, 2022.
1	Duties (Tax Expenditure Review Commission). Specifies that the Tax Expenditure Review Commission may complete its “initial review” of tax expenditures sooner than three years after the commission was established.	No comparable provision.
2	Report to legislature. Clarifies the time period covered by the Tax Expenditure Review Commission’s annual report.	No comparable provision.
3	Taxpayer receipt. Requires Minnesota Management and Budget (MMB) to publish and annually update an interactive taxpayer receipt on its website.	No comparable provision.
4	Claimant agency. Prohibits private nonprofit hospitals that lease a building from the county or city in which they are located from making revenue recapture claims. Effective date. The day following final enactment.	No comparable provision.
5	Payment agreements. Remove the \$50 fee charged to a taxpayer for entering into a payment agreement, for entering into a new payment agreement after a taxpayer has defaulted on a previous agreement, or for entering into a new payment agreement after a taxpayer has renegotiated the terms of an existing payment agreement. Effective date. The day following final enactment, for payment plans entered into 30 days after the enactment date.	Section 5. Same, except for technical differences in the effective date.
6	Determination of validity. Requires that a petition challenging the validity of an assessment be served personally on the county auditor and allows the auditor to waive personal service in multiple ways. Removes requirements for additional copies to be served on other county officials. Requires the county auditor to provide copies of the petition to the county assessor, treasurer, and attorney and to send a list of petitioned properties to the school board of the district containing the properties. Reduces the number of copies of the petition and proofs of service that must be filed with the district court. Effective date: Effective August 1, 2023.	Section 6. Similar. Senate language makes reference to “the county website” and makes the section effective immediately.
7	Rate. Removes a ten percent minimum interest rate on delinquent property taxes; allows a county board by resolution to set a lower interest rate on property taxes than the prime rate charged by banks during the six-month period ending on September 30 of that year. Effective date: Effective for property taxes, penalties, and costs determined to be delinquent on or after January 1, 2024.	Same as Senate article 3, section 26.

Comparison Summary of H.F. 1938 – House (H1938-3) / Senate (UEH1938-1)

Section	HOUSE Article 12: Miscellaneous	SENATE Article 13: Miscellaneous															
8	<p>Interest rate. Allows a county board, or a county auditor if the county board has delegated its authority over tax-forfeited lands, to charge a lower interest rate on the unpaid balances of repurchase plans than the rate charged on delinquent taxes.</p> <p>Effective date: Effective January 1, 2024.</p>	<p>Same as Senate article 3, section 27.</p>															
9	<p>Rate. Removes a ten percent minimum interest rate on delinquent property taxes; allows a county board by resolution to set a lower interest rate on property taxes than the prime rate charged by banks during the six-month period ending on September 30 of that year.</p> <p>Effective date: This section is effective for property taxes, penalties, and costs determined to be delinquent on or after January 1, 2024.</p>	<p>No comparable provision.</p>															
10	<p>Combined net receipts tax. Reduces the charitable gambling net receipts tax rates as follows:</p> <table border="1" data-bbox="237 1024 810 1317"> <thead> <tr> <th>Net receipts</th> <th>Current</th> <th>Proposed</th> </tr> </thead> <tbody> <tr> <td>Under \$87,000</td> <td>9%</td> <td>8.5%</td> </tr> <tr> <td>\$87,501 - \$122,500</td> <td>18%</td> <td>17.5%</td> </tr> <tr> <td>\$122,501 - \$157,500</td> <td>27%</td> <td>26%</td> </tr> <tr> <td>\$157,501 and over</td> <td>36%</td> <td>34.75%</td> </tr> </tbody> </table> <p>Effective date: This section is effective for games reported as played after June 30, 2023.</p>	Net receipts	Current	Proposed	Under \$87,000	9%	8.5%	\$87,501 - \$122,500	18%	17.5%	\$122,501 - \$157,500	27%	26%	\$157,501 and over	36%	34.75%	<p>No comparable provision.</p>
Net receipts	Current	Proposed															
Under \$87,000	9%	8.5%															
\$87,501 - \$122,500	18%	17.5%															
\$122,501 - \$157,500	27%	26%															
\$157,501 and over	36%	34.75%															
11	<p>Appropriation; general reserve account. Provides that if the commissioner of management and budget exercises the commissioner’s authority under current law to prepay the stadium bonds, the commissioner of revenue must not retain the city of Minneapolis’ local sales tax for purposes of making the city’s debt service support payments for the stadium.</p> <p>Effective date: Day following final enactment.</p>	<p>No comparable provision. See also Senate article 12, section 2, re: general fund allocations.</p>															
12	<p>Allocation of revenues. Increases by five the percent of solid waste management tax proceeds that are credited to the environmental fund. Requires that the five percent be deposited in the resource management account and spent on certain county waste reduction and recycling programs.</p> <p>Effective date: Effective the day following final enactment.</p>	<p>Section 7. Similar. Senate allocates additional tax proceeds beginning in FY 2027.</p>															
13	<p>Purpose. Amends a purpose statement within chapter 349 relating to the conduct of lawful gambling.</p> <p>Effective date: This section is effective for games approved after June 30, 2024.</p>	<p>No comparable provision.</p>															
14	<p>Electronic pull-tab device. Amends the definition of “electronic pull-tab device” in chapter 349 to require that the device be designed so that a player</p>	<p>No comparable provision.</p>															

Comparison Summary of H.F. 1938 – House (H1938-3) / Senate (UEH1938-1)

Section	HOUSE Article 12: Miscellaneous	SENATE Article 13: Miscellaneous
	<p>must individually activate or open each individual line, row, or column of each electronic pull-tab ticket.</p> <p>Effective date: This section is effective for games approved after June 30, 2024.</p>	
15	<p>Electronic pull-tab game. Amends the definition of “electronic pull-tab game” in chapter 349 to require that the game contain a mechanism requiring a player to manually activate each ticket to be opened and a mechanism requiring a player to manually activate the reveal of each row of symbols as a separate and distinct action.</p> <p>Effective date: This section is effective for games approved after June 30, 2024.</p>	No comparable provision.
16	<p>Manually activate. Creates a definition of “manually activate” in chapter 349. “Manually activate” means that a person must either touch an icon on the electronic pull-tab device screen or press a button located elsewhere on the electronic pull-tab device, or, exclusively for purposes of accommodating use by a player who is visually impaired, perform some other action that initiates activity on an electronic pull-tab device.</p> <p>Effective date: This section is effective for games approved after June 30, 2024.</p>	No comparable provision.
17	<p>Definitions.</p> <p>Subd. 1. Applicability. Applies the following defined terms to the new proposed chapter allowing establishment of tourism improvement districts.</p> <p>Subd. 2. Activity. Defines “activity” as: promotion either of tourism or of the business activity of businesses subject to the charges allowed under this chapter; marketing, sales, and economic development; and other services to benefit businesses subject to the charges allowed under this chapter.</p> <p>Subd. 3. Business. Defines “business” as a lodging business, as defined by the municipality’s ordinances.</p> <p>Subd. 4. Business owner. Defines “business owner” as a person recognized by a municipality as the owner of a business.</p> <p>Subd. 5. City. Defines “city” as a statutory or home rule charter city.</p> <p>Subd. 6. Clerk. Defines “clerk” as the chief clerical officer of the municipality.</p> <p>Subd. 7. Governing body. Defines “governing body” as: for a city, its council or other governing body; for a town, its board or other</p>	<p>Section 8. Similar.</p> <p>Definition of “business” differs between House and Senate.</p>

Comparison Summary of H.F. 1938 – House (H1938-3) / Senate (UEH1938-1)

Section	HOUSE Article 12: Miscellaneous	SENATE Article 13: Miscellaneous
	<p>governing body; and for a county, its board of commissioners or other governing body.</p> <p>Subd. 8. Impacted business owners. Defines “impacted business owners” as a majority of business owners in a proposed or established tourism improvement district.</p> <p>Subd. 9. Municipality. Defines “municipality” as a city, county, or town.</p> <p>Subd. 10. Tourism improvement association. Defines “tourism improvement association” as the entity contracted to implement the activities and improvements listed in the municipality’s ordinance.</p> <p>Subd. 11. Tourism improvement district. Defines a “tourism improvement district” as a tourism improvement district established under this proposed statutory chapter.</p> <p>Effective date: Effective the day following final enactment.</p>	
18	<p>Establishment of tourism improvement district.</p> <p>Subd. 1. Ordinance. Allows a municipality to adopt an ordinance establishing a tourism improvement district upon receiving a petition from impacted business owners and after holding a public hearing. Establishes requirements for the ordinance.</p> <p>Subd. 2. Notice. Requires publication of notice of the hearing and delivery of the notice to business owners who would be subject to the proposed service charges.</p> <p>Subd. 3. Business owner determination. Obligates businesses to provide information on who owns them. Exonerates municipalities of any duty to seek information on business ownership beyond that provided by the business. Renders a municipality’s determination regarding who owns a building final.</p> <p>Subd. 4. Service charges; relationship to services. Allows a municipality to impose a service charge on a business pursuant to this chapter to fund activities and improvements to benefit businesses. Allows the charges to fund the costs of collections and administrative expenses.</p> <p>Subd. 5. Public hearing. Allows business owners and others to testify regarding a proposed tourism improvement district and allows adoption of the ordinance establishing a district within six months of conclusion of the hearing.</p>	<p>Section 9. Same.</p>

Comparison Summary of H.F. 1938 – House (H1938-3) / Senate (UEH1938-1)

Section	HOUSE Article 12: Miscellaneous	SENATE Article 13: Miscellaneous
	<p>Subd. 6. Appeal to district court. Allows a person who is not precluded by failure to object before or at the public hearing to appeal the decision to establish a tourism improvement district to the district court.</p> <p>Subd. 7. Notice to the commissioner of revenue. Requires the municipality establishing a tourism improvement district to notify the commissioner of revenue within 30 days of adopting the ordinance establishing the district.</p> <p>Effective date: Effective the day following final enactment.</p>	
19	<p>Service charge authority; notice; hearing requirement.</p> <p>Subd. 1. Authority. Allows a municipality to impose a service charge to finance an activity or improvement in the tourism improvement district provided at an increased level of service. Allows the service charge to be imposed in the amount necessary to pay for the increased level of service.</p> <p>Subd. 2. Annual hearing requirement; notice. Requires an annual public hearing regarding continuation of an established tourism improvement district. Requires publication of notice of the hearing and delivery of the notice to business owners subject to the service charge. Allows testimony by impacted persons. Allows the municipality to adopt a resolution to continue imposing service charges within the district within six months after the hearing.</p> <p>Effective date: Effective the day following final enactment.</p>	Section 10. Same.
20	<p>Modification of ordinance.</p> <p>Subd. 1. Adoption of ordinance; request for modification. Upon written request of a tourism improvement association, allows a municipality to modify a district by ordinance after a public hearing. Requires a petition from impacted business owners either to expand the district or to change the rate, method, or basis of imposing the service charge.</p> <p>Subd. 2. Notice of modification. Requires publication of notice of the public hearing and delivery of the notice to the business owners subject to the charge.</p> <p>Subd. 3. Hearing on modification. Allows affected persons and business owners to testify at the public hearing. Allows the municipality to adopt the proposed modification by ordinance within six months of the public hearing.</p>	Section 11. Same.

Comparison Summary of H.F. 1938 – House (H1938-3) / Senate (UEH1938-1)

Section	HOUSE Article 12: Miscellaneous	SENATE Article 13: Miscellaneous
	<p>Subd. 4. Objection. Allows business owners to use the veto powers described below to object to any modification. Bases an objection to an expansion of a district on the vote of the majority of business owners in the expanded district.</p> <p>Effective date: Effective the day following final enactment.</p>	
21	<p>Collection of service charges; penalties. Allows any designated entity to collect service charges in the time and manner described in the ordinance, including collection of interest and penalties as set out in the ordinance.</p> <p>Effective date: Effective the day following final enactment.</p>	Section 12. Same.
22	<p>Tourism improvement association.</p> <p>Subd. 1. Composition and duties. Requires the tourism improvement association to appoint a governing board composed of impacted business owners or their representatives. Allows the board to manage the funds raised through service charges and to select activities and improvements from those listed in the municipal ordinance establishing the district.</p> <p>Subd. 2. Annual report. Requires an annual report from the tourism improvement association to the municipality on the revenue raised by the district and any other information required by the establishing ordinance.</p> <p>Effective date: Effective the day following final enactment.</p>	Section 13. Same.
23	<p>Petition required. Requires a petition from impacted business owners to establish a tourism improvement district.</p> <p>Effective date: Effective the day following final enactment.</p>	Section 14. Same.
24	<p>Veto power of owners.</p> <p>Subd. 1. Notice of right to file petitions. Requires both that an establishing ordinance not take effect until at least 45 days after the necessary public hearing and that the municipality deliver to business owners subject to the charge a summary of the ordinance and notice of their right to veto the ordinance by a majority vote of owners subject to the charge.</p> <p>Subd. 2. Requirements for veto. Prevents an establishing ordinance from becoming effective if impacted business owners file an objection before the effective date.</p> <p>Effective date: Effective the day following final enactment.</p>	Section 15. Same.

Comparison Summary of H.F. 1938 – House (H1938-3) / Senate (UEH1938-1)

Section	HOUSE Article 12: Miscellaneous	SENATE Article 13: Miscellaneous
25	<p>Disestablishment.</p> <p>Subd. 1. Procedure for disestablishment. Requires an annual 30-day period during which impacted business owners may petition for disestablishment of the district. Allows disestablishment by ordinance after holding a public hearing. Requires notice of the hearing to be published and delivered to business owners subject to the charge.</p> <p>Subd. 2. Objection. Requires a 45-day window before an ordinance disestablishing a district becomes effective so that owners may file objections and veto disestablishment through the procedures in the preceding section.</p> <p>Subd. 3. Refund to business owners. Requires that any remaining funds from the service charges be refunded to business owners upon disestablishment. Provides rules for calculating how to distribute the refunds.</p> <p>Effective date: Effective the day following final enactment.</p>	
26	<p>Coordination of districts. Prohibits a county from establishing a tourism improvement district that overlaps with a tourism improvement district established by a city or town, and vice versa.</p> <p>Effective date: Effective the day following final enactment.</p>	Section 17. Same.
27	<p>Workforce and affordable homeownership development program. Amends the Minnesota Housing Finance Agency (MHFA)'s workforce and affordable homeownership development program: (1) to allow issuance of loans under the program; and (2) to establish a workforce and affordable homeownership development account from which grants and loans under the program may be made and to which loan repayments are deposited. Appropriates from the general fund to MHFA for deposit in the workforce and affordable homeownership development account \$27,500,000 in fiscal years 2024 and 2025 and \$7,500,000 in each fiscal year from 2026 to 2034.</p> <p>Subd. 1. Establishment. Amends the workforce and affordable homeownership development program to allow MHFA to award loans under the program. Currently, MHFA may only award grants.</p> <p>Subd. 2. Use of funds. Conforms the subdivision to the change allowing award of loans under this program.</p> <p>Subd. 3. Application. Conforms the subdivision to the change allowing award of loans.</p>	No comparable provision. See also H.F. 2335, first unofficial engrossment, article 1, section 2; and article 2, section 23, re: workforce and affordable homeownership development program modifications.

Comparison Summary of H.F. 1938 – House (H1938-3) / Senate (UEH1938-1)

Section	HOUSE Article 12: Miscellaneous	SENATE Article 13: Miscellaneous
	<p>Subd. 4. Awarding of grants and loans. Conforms the subdivision to the change allowing award of loans.</p> <p>Subd. 5. Statewide program. Conforms the subdivision to the change allowing award of loans and defines the metropolitan area for the purposes of requirements that the agency attempt to award grants and loans in equal amounts outside and within the metropolitan area.</p> <p>Subd. 6. Report. Conforms the subdivision to the change allowing award of loans.</p> <p>Subd. 7. Workforce and affordable homeownership development account. Establishes a workforce and affordable homeownership development account in the housing development fund. Appropriates money in the fund and the interest it bears to MHFA for the purposes of this program. Requires that repayment of loans under this section be credited to the workforce and affordable homeownership development account. Allows a borrower under this section to use its funds on a qualifying project rather than repaying the loan.</p> <p>Subd. 8. Deposits; funding amount. Requires that, in fiscal years 2024 and 2025 \$27,500,000 be appropriated from the general fund from mortgage and deed tax proceeds to MHFA for deposit in the workforce and affordable homeownership development account in the housing development fund. Requires that, in fiscal years 2026 through 2034, \$7,500,000 be appropriated from the general fund to MHFA for the same purposes. Expires this subdivision on September 16, 2034.</p> <p>Effective date: Effective July 1, 2023.</p>	
28	<p>Tribal Nation aid. Establishes a new state aid to Tribal Nations. The aid would pay \$75,000,000 annually to Tribal Nations. Distributions would be based on the number of enrolled members in each Tribal Nation.</p> <p>Effective date: This section beginning with aids payable in 2024.</p>	No comparable provision.
29	<p>St. Paul bond authorization. Allows St. Paul to issue bonds for the capital improvements program from through 2035; increases the aggregate principal of bonds which St. Paul can issue for the program from \$20,000,000 to \$30,000,000.</p> <p>Effective date: Effective the day after the chief clerical officer of St. Paul certifies that the city’s governing body has passed a resolution approving this section.</p>	Similar to Senate article 11, section 16. Technical difference in effective date.

Comparison Summary of H.F. 1938 – House (H1938-3) / Senate (UEH1938-1)

Section	HOUSE Article 12: Miscellaneous	SENATE Article 13: Miscellaneous
30	<p>Department of Revenue free filing report. Requires DOR to submit a report to the legislature on free electronic filing options for the individual income tax.</p> <p>Appropriates \$175,000 to DOR in fiscal year 2024 for the report.</p>	No comparable provision.
31	<p>City of Virginia; net debt limit exemption. Exempts general obligation bonds issued to finance construction of a public safety building from the city of Virginia’s net debt limit.</p> <p>Effective date: Effective the day following final enactment.</p>	Similar to Senate article 11, section 17. Difference in effective date.
32	<p>Ramsey County; extending redemption periods of properties in targeted communities. Extends the period of redemption to three years for properties that are, or were, in targeted communities in Ramsey County, effective for taxes that became due in 2023 or later.</p> <p>Effective date: Effective the day after the chief clerical officer of Ramsey County certifies that the county’s governing body has passed a resolution approving this section.</p>	No comparable provision.
33	<p>Appropriation; city of Northfield; grant. Provides \$300,000 in fiscal year 2024 to the city of Northfield for infrastructure costs related to a cooperatively owned manufactured home park.</p> <p>Effective date: This section is effective the day following final enactment.</p>	No comparable provision.
34	<p>Appropriation; city of St. Paul; grant. Provides \$30,000,000 in fiscal year 2024 to the city of St. Paul for costs associated with street improvements.</p> <p>Effective date: This section is effective the day following final enactment.</p>	No comparable provision.
35	<p>Appropriation; city of Spring Grove; fire remediation grant. Provides a onetime appropriation in fiscal year 2024 of \$250,000 to the commissioner of revenue to provide grants to the city of Spring Grove for fire remediation costs.</p> <p>Funds are available until June 30, 2025.</p>	Similar to Senate article 4, section 27. Technical differences only.
36	<p>Appropriation; taxpayer receipt. Appropriates \$100,000 in fiscal year 2024 to MMB to develop the taxpayer receipt. The base for the appropriation is \$47,000 in future years.</p>	No comparable provision.
37	<p>Repealer. Repeals a requirement that those hospitals annually provide the commissioner of revenue with a copy of the lease agreement with the city or county.</p> <p>Effective date. The day following final enactment.</p>	No comparable provision.

Comparison Summary of H.F. 1938 – House (H1938-3) / Senate (UEH1938-1)

Section	HOUSE Article 13: Department of Revenue Policy and Technical: Income and Corporate Franchise	SENATE Article 14: Department of Revenue Policy and Technical: Income and Corporate Franchise
	<p>No comparable provision in article 13, but language is carried in House article 1, sections 13 and 16.</p>	<p>Section 1. Composite income tax returns for nonresident partners, shareholders, and beneficiaries. Strikes the definition of income in the tax administration chapter for purposes of composite income tax returns. The definition is moved to the income tax chapter in section 5 of this article.</p> <p>Effective date: Tax year 2023 and later.</p> <p>Note: These changes are also carried in Senate article 1, sections 14 and 18.</p>
	<p>No comparable provision in article 13, but language is carried in House article 1, sections 14 and 16.</p>	<p>Section 2. Pass-through entity tax. Strikes the definition of income in the tax administration chapter for purposes of the PTE tax. The definition is moved to the income tax chapter in section 5 of this article. Clarifies that a qualifying entity for the PTE tax includes only limited liability companies taxed as partnerships or S corporations.</p> <p>Effective date: Tax year 2023 and later.</p> <p>Note: These changes are also carried in Senate article 1, sections 15 and 18, with a retroactive effective date of tax year 2022 later.</p>
	<p>No comparable provision in article 13, but language is carried in House article 1, section 15.</p>	<p>Section 3. Reporting and payment requirements for partnerships and tiered partners. Clarifies that a PTE must file an amended return and pay any additional amounts in the event of a federal partnership audit.</p> <p>Effective date: Retroactive to tax year 2021 and later.</p> <p>Note: these changes are also carried in article 1, section 16.</p>
1	<p>Nonresident withholding tax refund clarification. Clarifies that when there is an overpayment of nonresident withholding tax by a partnership or S corporation, a refund allowable under that section to the payor is limited to the amount of the overpayment that was not deducted and withheld from the shares of the payor’s partners or shareholders.</p> <p>Effective date: This section is effective the day following final enactment.</p>	<p>Section 4. Same.</p>
	<p>No comparable provision in article 13, but language is carried in House article 1, section 16.</p>	<p>Section 5. Net income. Creates new definitions of income for purposes of the composite tax and the PTE tax from language that was stricken in sections 1 and 2.</p> <p>Effective date: Tax year 2023 and later.</p> <p>Note: These changes are also carried in Senate article 1, section 18.</p>
2	<p>Credit for taxes paid. Allows sole members of an entity disregarded for income tax purposes to receive the credit for taxes paid by the entity in another state.</p> <p>Effective date: This section is effective for taxable years beginning after December 31, 2022.</p>	<p>Section 6. Same.</p>

Comparison Summary of H.F. 1938 – House (H1938-3) / Senate (UEH1938-1)

Section	HOUSE Article 13: Department of Revenue Policy and Technical: Income and Corporate Franchise	SENATE Article 14: Department of Revenue Policy and Technical: Income and Corporate Franchise
	No comparable provision. House modifies the working family credit in article 1, section 31.	Section 7. Credit allowed. Clarifies that only the maximum credit amount for the working family credit is phased out if the taxpayer’s adjusted gross income or earned income, whichever is greater, is in excess of the threshold amounts. Effective date: Day following final enactment.
	No comparable provision. House modifies the working family credit in article 1, section 31.	Section 8. Inflation adjustment. Updates the inflation adjustment for the working family credit is updated for consistency in section 7. Effective date: Day following final enactment.
3	Miscellaneous withholding arrangements. Establishes a withholding rate of 6.25 percent, or the rate directed by the recipient, for periodic payments and nonperiodic distributions such as annuities and IRA distributions on demand. Makes nonsubstantive organizational changes for readability and clarity. Effective date: This section is effective for periodic payments and nonperiodic distributions made on or after the day following final enactment. For periodic payments and nonperiodic distributions made on or after the day following final enactment but before January 1, 2024, the commissioner of revenue must not assess penalties relating to this amendment against a payor who complies with Minnesota Statutes 2021 Supplement, section 290.92, subd. 20.	Section 9. Same.
4	Surety deposits; out-of-state contractors. Clarifies that the obligation to withhold surety deposits on construction contracts exceeding \$50,000 applies to payments to construction companies that are corporations and cooperatives that are not organized under Minnesota law. Effective date: This section is effective the day following final enactment.	Section 10. Same.
5	Property tax refund; homestead application. Changes the deadline for filing of a homestead application, and for the property to be classified as a homestead, from December 15 to December 31, for purposes of the property tax refund, to match the deadlines for homestead applications for purposes of the homestead market value exclusion. Effective date: This section is effective retroactively for refund claims based on property taxes payable in 2022 and thereafter.	Section 11. Same.

Section	HOUSE Article 14: Department of Revenue Policy and Technical: Fire and Police State Aids	SENATE Article 15: Department of Revenue Policy and Technical: Fire and Police State Aids
1	Compliance report due dates. Provides due dates for financial compliance reports submitted by the state auditor to the commissioner of revenue. The	Section 1. Same.

Comparison Summary of H.F. 1938 – House (H1938-3) / Senate (UEH1938-1)

Section	HOUSE Article 14: Department of Revenue Policy and Technical: Fire and Police State Aids	SENATE Article 15: Department of Revenue Policy and Technical: Fire and Police State Aids
	<p>reports certify which relief associations are eligible to receive fire state aid.</p> <p>Effective date: This section is effective for aids payable in calendar year 2024 and thereafter.</p>	
2	<p>Apportionment agreement definition. Defines “apportionment agreement” for the purposes of fire state aid.</p> <p>Effective date: This section is effective for aids payable in calendar year 2024 and thereafter.</p>	Section 2. Same.
3	<p>Fire department definition. Adds joint powers entities and fire protection special taxing districts to the definition of “fire department” for purposes of the fire state aid chapter.</p> <p>Effective date: This section is effective for aids payable in calendar year 2024 and thereafter.</p>	Section 3. Same.
4	<p>Joint powers entity definition. Defines a joint powers entity for purposes of fire state aid.</p> <p>Effective date: This section is effective for aids payable in calendar year 2024 and thereafter.</p>	Section 4. Same.
5	<p>Municipality definition. Includes joint powers entities and fire protection special taxing districts in the definition of “municipality” for purposes of fire state aid. Park districts and the University of Minnesota are eliminated from the definition. These two entities do not receive fire state aid, have not received it in the past, and are not anticipated to qualify for fire state aid in the future.</p> <p>Effective date: This section is effective for aids payable in calendar year 2024 and thereafter.</p>	Section 5. Same.
6	<p>Secretary definition. Includes the secretary or financial manager of a joint powers board or fire protection special taxing district board in the definition of “secretary” for purposes of fire state aid.</p> <p>Effective date: This section is effective for aids payable in calendar year 2024 and thereafter.</p>	Section 6. Same.
7	<p>Fire department criteria. Requires a fire department to have a fire department identification number issued by the state fire marshal to receive fire state aid.</p> <p>Effective date: This section is effective for aids payable in calendar year 2024 and thereafter.</p>	Section 7. Same.
8	<p>Fire department personnel and benefits criteria. Eliminates outdated personnel criteria for fire departments to receive fire state aid. Language is also added to clarify that a fire department may not be associated with more than one retirement benefit plan at the same time.</p> <p>Effective date: This section is effective for aids payable in calendar year 2024 and thereafter.</p>	Section 8. Same.

Comparison Summary of H.F. 1938 – House (H1938-3) / Senate (UEH1938-1)

Section	HOUSE Article 14: Department of Revenue Policy and Technical: Fire and Police State Aids	SENATE Article 15: Department of Revenue Policy and Technical: Fire and Police State Aids
9	<p>Public safety answering point requirement. Requires a fire department to be dispatched by a public safety answering point to qualify for fire state aid.</p> <p>Effective date: This section is effective for aids payable in calendar year 2024 and thereafter.</p>	Section 9. Same.
10	<p>Documentation filing requirements. Clarifies the documentation required to be filed with the commissioner by municipalities and independent nonprofit firefighting corporations already receiving fire state aid, and those applying for the first time. For those already receiving aid, notifications of contract formation and termination, and notice of fire department dissolution, must be provided to the commissioner within 60 days of the event.</p> <p>For departments applying for fire state aid for the first time, notice of apportionment agreements, joint powers agreements, and fire protection special taxing district resolutions or agreements must be filed with the commissioner. If any of the above-listed documents are updated, the updated version must also be filed with the commissioner within 60 days of the update. In the event a fire department is located in an unorganized territory, the county auditor is also required to provide information that the commissioner needs to apportion the estimated market value of the fire department service area.</p> <p>Effective date: This section is effective for aids payable in calendar year 2024 and thereafter.</p>	Section 10. Same.
11	<p>PERA certification. Provides that the executive director of the Public Employees Retirement Association (PERA) only needs to certify to the commissioner of revenue which fire departments began or terminated participation in the voluntary statewide volunteer firefighter retirement plan since the previous certification. Requires the certifications to include the number of active volunteer firefighters under section 17, information required for aid calculation.</p> <p>Also provides the due date for PERA to certify the number of active firefighters to the commissioner of revenue and to the state auditor, and clarifies that the certification requirement applies to all municipalities and independent nonprofit firefighting corporations participating in the voluntary statewide volunteer firefighter retirement plan, not just to relief associations that were recently terminated because benefits started being provided by the statewide plan.</p> <p>Effective date: This section is effective for aids payable in calendar year 2024 and thereafter.</p>	Section 11. Same.
12	<p>Fire department certification to the commissioner. Requires the municipal clerk or the secretary to annually certify a fire department’s service area and whether all the qualification criteria for fire state</p>	Section 12. Same.

Comparison Summary of H.F. 1938 – House (H1938-3) / Senate (UEH1938-1)

Section	HOUSE Article 14: Department of Revenue Policy and Technical: Fire and Police State Aids	SENATE Article 15: Department of Revenue Policy and Technical: Fire and Police State Aids
	<p>aid are met. The municipal clerk or secretary must send a copy of the certification to the fire chief within five business days of filing with the commissioner.</p> <p>Effective date: This section is effective for aids payable in calendar year 2024 and thereafter.</p>	
13	<p>Fire state aid penalty for failure to file or correct certification. Establishes a penalty for failure to file the certification required under subdivision 9 on or before March 1st or if a corrective certification is not filed by March 15 or more than 30 days after the date of the commissioner’s notice of rejection.</p> <p>Effective date: This section is effective for aids payable in calendar year 2024 and thereafter.</p>	Section 13. Same.
14 , 22	<p>Certain tax credits and calculation of amount of fire and police state aid available for apportionment. Clarifies that when the department annually calculates the amount of fire and police state aid available for apportionment based on insurance premium data, the calculation is not affected by premium tax credits received under the historic structure insurance premium tax credit, film production insurance premium tax credit, and Minnesota housing insurance premium tax credit.</p> <p>Deletes vague language describing adjustments to aid payments.</p> <p>Effective date: This section is effective the day following final enactment.</p>	Sections 14 and 22. Same.
15	<p>Population data. Requires the commissioner to use the most recent population estimates from the state demographer, rather than federal census data, to calculate fire state aid. Also requires the commissioner to use the estimated market value (EMV) property figures for the assessment year immediately prior to aid distribution in any calculations requiring EMV figures.</p> <p>Effective date: This section is effective for aids payable in calendar year 2024 and thereafter.</p>	Section 15. Same.
16	<p>Fire state aid initial allocation amount. Clarifies that fire state aid allocation for those providing fire protection to more than one municipality includes those that enter into joint power agreements or resolutions, not just those that enter into service contracts.</p> <p>Effective date: This section is effective for aids payable in calendar year 2024 and thereafter.</p>	Section 16. Same.
17	<p>Fire state aid minimum allocation amount. Clarifies that the minimum fire state aid allocation amount, that is based on the number of active volunteer firefighters, for a municipality or independent nonprofit firefighting corporation that provides retirement coverage under Chapter 353G equals the number of active firefighters covered by the</p>	Section 17. Same.

Comparison Summary of H.F. 1938 – House (H1938-3) / Senate (UEH1938-1)

Section	HOUSE Article 14: Department of Revenue Policy and Technical: Fire and Police State Aids	SENATE Article 15: Department of Revenue Policy and Technical: Fire and Police State Aids
	<p>retirement plan within 30 days of the date the municipality or independent nonprofit firefighting corporation begins coverage in the plan, not to exceed 30.</p> <p>Effective date: This section is effective for aids payable in calendar year 2024 and thereafter.</p>	
18	<p>Fire state aid appeal. Provides that objections to fire state aid apportionments may only be raised within 60 days after the apportioned fire state aid is paid. There was previously no timeline for objections.</p> <p>Effective date: This section is effective for aids payable in calendar year 2024 and thereafter.</p>	Section 18. Same.
19	<p>Timing and direction of fire state aid payments. Clarifies that aid is withheld for noncompliance with financial reporting requirements. If the Office of the State Auditor certifies that the requirements have been met, the commissioner of revenue must make the payments within ten business days of receipt of the certification.</p> <p>Also clarifies that fire state aid payments will be distributed to the largest municipality in population located within a joint powers entity and within the fire department service area of independent nonprofit firefighting corporations. If a joint powers entity has designated an agency as its fiscal agent, however, the payments will be distributed to that agency regardless of population size.</p> <p>Effective date: This section is effective for aids payable in calendar year 2024 and thereafter</p>	Section 19. Same.
20	<p>Fire state aid amount corrections. Specifies how clerical errors that resulted in incorrect overpayments or underpayments of fire state aid are adjusted. Adjustments must occur within three years after a payment is issued.</p> <p>Effective date: This section is effective for aids payable in calendar year 2024 and thereafter.</p>	Section 20. Same.
21	<p>Police state aid penalty for failure to file or correct certification. Establishes a penalty for failure to file the certification required under subdivision 1 or 2 on or before March 1 or if a corrective certification is not filed by March 15 or more than 30 days after the date of the commissioner’s notice of rejection.</p> <p>Effective date: This section is effective for aids payable in calendar year 2024 and thereafter.</p>	Section 21. Same.
23	<p>Police state aid appeal. Provides that objections to police state aid apportionments may only be raised within 60 days after the apportioned police state aid is paid. There was previously no timeline for objections.</p> <p>Effective date: This section is effective for aids payable in calendar year 2024 and thereafter.</p>	Section 23. Same.

Comparison Summary of H.F. 1938 – House (H1938-3) / Senate (UEH1938-1)

Section	HOUSE Article 14: Department of Revenue Policy and Technical: Fire and Police State Aids	SENATE Article 15: Department of Revenue Policy and Technical: Fire and Police State Aids
24	<p>Police state aid amount corrections. Specifies how clerical errors that resulted in incorrect overpayments and underpayments of police state aid are adjusted. Adjustments must occur within three years after a payment is issued.</p> <p>Effective date: This section is effective for aids payable in calendar year 2024 and thereafter.</p>	<p>Section 24. Same.</p>
25	<p>Repealer. Repeals outdated equipment requirements for fire departments that are no longer used in determining qualification for fire state aid and vague language describing aid payment adjustments that is no longer needed with the fire state aid correction language added elsewhere in this article.</p> <p>Effective date: This section is effective for aids payable in calendar year 2024 and thereafter.</p>	<p>Section 25. Same.</p>

Section	HOUSE Article 15: Department of Revenue Policy and Technical: Data Practices	SENATE Article 16: Department of Revenue Policy and Technical: Data Practices
1	<p>Disclosure of welfare data. Clarifies that welfare data is able to be disclosed to the department to prepare the databases for reports required under section 270C.13.</p> <p>Effective date: This section is effective the day following final enactment.</p>	<p>Section 1. Same.</p>
2	<p>Tax incidence study report. Allows the commissioner to request information from any state officer or agency for the department’s reports under section 270C.13. The state officer or agency shall provide the data requested to the extent permitted by law.</p> <p>Effective date: This section is effective the day following final enactment.</p>	<p>Section 2. Same.</p>
3	<p>Publication of tax preparers. Requires publication of a paid tax preparer who has been assessed a penalty in excess of \$1,000 for failing to provide a preparer tax identification number on returns they prepare and file for others.</p> <p>Effective date: This section is effective for returns filed after December 31, 2023</p>	<p>Section 3. Same.</p>
4	<p>Owner or managing agent to furnish rent certificate. The department, after consulting with affected representatives, can require owners and managing agents to e-file copies of certificates of rent paid (CRPs) issued to renters. The change supplements that authority by letting the department require CRP issuers to submit their taxpayer identification number to the department when e-filing the CRPs.</p>	<p>Section 4. Same.</p>

Comparison Summary of H.F. 1938 – House (H1938-3) / Senate (UEH1938-1)

Section	HOUSE Article 15: Department of Revenue Policy and Technical: Data Practices	SENATE Article 16: Department of Revenue Policy and Technical: Data Practices
	Effective date: This section is effective for refund claims based on rent paid in 2023 and thereafter.	
5 - 6	Background check; access to federal tax information. Addresses the feedback that the Minnesota Bureau of Criminal Apprehension received from the U.S. Department of Justice / FBI in order to satisfy the requirements under Public Law 92-544. Effective date: This section is effective the day following final enactment.	Section 5 and 6. Same.
7	Homestead property tax burden report. Allows the commissioner to request information from any state officer or agency. The state officer or agency shall provide the data requested to the extent permitted by law. Effective date: This section is effective the day following final enactment.	Section 7. Same.

Section	HOUSE Article 16: Department of Revenue Policy and Technical: Miscellaneous	SENATE Article 17: Department of Revenue Policy and Technical: Miscellaneous
1 - 2	Population used in Tribal tax agreements. Provides that the population used to compute refunds and payments under tax agreements between the commissioner of revenue and Tribal governments is the number of enrolled members of the tribe who live on or adjacent to the reservation as reported to the commissioner by the tribe. Current law provides that the on-or-adjacent-to population must be obtained from a Bureau of Indian Affairs report that is no longer submitted by the tribes or published by the bureau. Also adds language that states that refunds are meant to approximate the tax paid on the reservation by tribal members, or the amount they would have paid on the reservation if there was no agreement. Also gives instructions to the commissioner on how estimates should be calculated. Effective date: This section is effective retroactively for agreements entered into or amended after December 31, 2022.	House section 1 similar to Senate article 13, section 4. House section 2 same as Senate section 1.
3	Health care provider. Clarifies that a health care provider, for MinnesotaCare Tax purposes, does not include a person or entity that receives all their payments for patient services from a source of funds that is excluded from tax under sections 295.50 to 295.59. Currently, the statute includes the word “exempt” but not “excluded.” Replaces the words “this chapter” with “sections 295.50 to 295.59” since Chapter 295 also includes the unrelated liquor gross receipts tax, and this provision is not applicable to that tax.	Section 2. Same.

Comparison Summary of H.F. 1938 – House (H1938-3) / Senate (UEH1938-1)

Section	HOUSE Article 16: Department of Revenue Policy and Technical: Miscellaneous	SENATE Article 17: Department of Revenue Policy and Technical: Miscellaneous
	Effective date: This section is effective the day following final enactment.	
4	<p>Surcharge publication date. Moves the annual deadline for publication of the debt service surcharge from April 1 to May 1. This change is necessary because the Department cannot publish the debt service surcharge until Minnesota Management and Budget publishes its debt service forecast, which is due on April 1 of each year. The amendment also removes outdated language from the subdivision.</p> <p>Effective date: This section is effective the day following final enactment.</p>	Section 3. Same.
5	<p>Definition of “state.” Conforms with the recently amended Streamlined Sales Tax definition of “state.” This amendment provides that, for sales and use tax purposes, “state” also includes any territory of the United States.</p> <p>Effective date: This section is effective for sales and purchases made after June 30, 2023.</p>	Section 4. Same.

Section	HOUSE Article 17: Grants Management	SENATE Article 18: Grants Management
1	<p>Financial review of nonprofit grant recipients. Establishes a uniform grants management process for an entity to follow when awarding a grant to a nonprofit organization. Requires the grant applicant to:</p> <ol style="list-style-type: none"> 1) submit financial information to the grantor to demonstrate the applicant’s financial viability; 2) provide evidence of registration and good standing with the secretary of state; 3) provide evidence of good standing with the attorney general’s office; and 4) for nonprofits with more than \$750,000 in annual revenue, submit audited financial statements. <p>Authorizes grantors to postpone or forgo awarding the grant to the applicant if the applicant’s information presents significant financial concerns. Requires the grantor to report to the legislature if any legislatively authorized grants are disallowed under this section. Allows an otherwise nonqualifying applicant to obtain technical assistance from the grantor or qualify for the grant subject to additional conditions imposed by the grantor. Requires grantors to document and retain specified information, including whether and how the applicant resolved the grantor’s initial concerns regarding the nonprofit’s financial standing and management.</p>	<p>Section 1. Similar.</p> <p>The Senate also makes for-profit businesses receiving a grant or subsidy subject to the grants management process and requires certain financial information.</p> <p>The Senate proposes additional procedures governing legislatively named grantees.</p> <p>The Senate proposes additional oversight for grantees that have not previously received federal or state grants for similar amounts or similar duties or that have not yet demonstrated the ability to perform the duties required under the grant.</p> <p>The Senate proposes to also make subgrantees subject to certain agency review and oversight.</p>