



Governor's Supplemental Budget

02/23/2022

THE WALZ-FLANAGAN BUDGET



TO MOVE MINNESOTA FORWARD

**Investing in Local Jobs
and Projects**

**Expanding Economic
Opportunity**



**Supporting Children
and Families**

**Protecting Minnesotans'
Health and Safety**

Federal Conformity

- Further Consolidated Appropriations Act, 2020
- Families First Coronavirus Response Act
- Coronavirus Aid, Relief, and Economic Security (CARES) Act
- Consolidated Appropriations Act, 2021
- American Rescue Plan Act
- Infrastructure Investment and Jobs Act

Article 2: Individual and Corporate Franchise Tax

Angel Tax Credit

- \$7 million for the Angel Tax Credit in FY23
- \$10 million in FY24-25

Article 2: Individual and Corporate Franchise Tax

Expand Child and Dependent Care Credit

- Increase income threshold from \$55,300 to \$70,000
 - 20,900 more households eligible for the credit
 - Average reduction in tax of \$271
- Temporary increase in maximum credit amount
 - Impact 51,000 tax returns for tax year 2022
 - Average reduction in tax of \$161
- Update credit for child born in the tax year
 - Available to taxpayers regardless of marital status
 - 2,600 more taxpayers will be eligible for the credit

Article 2: Individual and Corporate Franchise Tax

Working Family Credit Expansion for ITINs

- Allow individuals who use an Individual Taxpayer Identification Number (ITIN) to qualify for Working Family Credit (WFC)
 - 8,200 new households would qualify for the WFC
 - Average credit of \$1,300

Article 2: Individual and Corporate Franchise Tax

Expand K-12 Education Credit

- Increase income threshold from \$33,500 to \$70,000 and index for inflation
- Change measure of income from “household income” to federal adjusted gross income (FAGI)
- 38,600 more households eligible
- Average credit amount of \$300

Sales Tax Exemption for Local Government and Nonprofits

- Sales tax exemption for building, construction, reconstruction materials purchased by contractor for buildings and facilities used by local government and nonprofits

ITIN Eligible for Homestead Classification

- Allow individuals who use an Individual Taxpayer Identification Number (ITIN) to qualify for homestead status
- 1,800 additional taxpayers eligible for homestead status

Include Hemp in Agricultural Product Definition

- Effective for assessment year 2023

Senior Property Tax Deferral

- Increase the income threshold from \$60,000 to \$75,000
 - Beginning with property taxes payable in 2023

Articles 5 and 6: Supporting Local Governments

Public Safety Aid

- Allocates \$100M per fiscal year to cities, counties, and Tribal Nations with police or sheriff departments based on 2020 city population

Soil Water Conservation Aid

- Establishes a soil water conservation aid program to fund the state portion of capacity funding for Soil and Water Conservation Districts (SWCDs)

Direct payments

- Single tax filers would receive a payment of \$175
- Married couple filing jointly and head of household filers would receive a payment of \$350
- More than 2.7 million Minnesota households would receive a direct payment



Thank you