

HF4 - 2A - Minnesota Tax Relief Account Amendment

Chief Author: **Wayne Johnson**
 Committee: **Taxes**
 Date Completed: **2/25/2025 5:21:32 AM**
 Lead Agency: **Secretary of State**
 Other Agencies:
 Minn Management and Revenue Dept
 Budget

State Fiscal Impact	Yes	No
Expenditures	X	
Fee/Departmental Earnings		X
Tax Revenue	X	
Information Technology	X	
Local Fiscal Impact	X	

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions shown in the parentheses.

State Cost (Savings)	Biennium			Biennium		
	Dollars in Thousands	FY2025	FY2026	FY2027	FY2028	FY2029
State Total						
Total	-	-	-	-	-	-
Biennial Total			-			-

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2025	FY2026	FY2027	FY2028	FY2029
Total	-	-	-	-	-

Lead LBO Analyst's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

LBO Signature: Christian Larson **Date:** 2/25/2025 5:21:32 AM
Phone: 651-284-6436 **Email:** christian.larson@lbo.mn.gov

State Cost (Savings) Calculation Details

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions are shown in parentheses.

*Transfers In/Out and Absorbed Costs are only displayed when reported.

State Cost (Savings) = 1-2		Biennium			Biennium	
Dollars in Thousands		FY2025	FY2026	FY2027	FY2028	FY2029
Total		-	-	-	-	-
Biennial Total				-		-
1 - Expenditures, Absorbed Costs*, Transfers Out*						
Total		-	-	-	-	-
Biennial Total				-		-
2 - Revenues, Transfers In*						
Total		-	-	-	-	-
Biennial Total				-		-

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Fee/Departmental Earnings		X
Tax Revenue		X
Information Technology	X	
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Total	-	-	-	-	-	-
Biennial Total			-			-

Full Time Equivalent Positions (FTE)	Biennium			Biennium		
	Dollars in Thousands	FY2025	FY2026	FY2027	FY2028	FY2029
Total	-	-	-	-	-	-

LBO Analyst's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

LBO Signature: Chloe Burns **Date:** 2/10/2025 9:25:08 PM
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State Cost (Savings) Calculation Details

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State Cost (Savings) = 1-2		Biennium			Biennium	
Dollars in Thousands	FY2025	FY2026	FY2027	FY2028	FY2029	
Total	-	-	-	-	-	-
Biennial Total			-			-
1 - Expenditures, Absorbed Costs*, Transfers Out*						
Total	-	-	-	-	-	-
Biennial Total			-			-
2 - Revenues, Transfers In*						
Total	-	-	-	-	-	-
Biennial Total			-			-

Bill Description

This bill proposes that the constitution be amended to add a section 9 to Article X for purposes of returning excess property and income tax collections to taxpayers. The amendment would be submitted to the voters at the 2026 general election.

Lines 1.6 through 1.8 are the title of the bill and introductory language. Lines 1.9 through 1.17 describe the proposed changes. Lines 1.18 through 2.5 describe how the question will be placed on the ballot.

Assumptions

This fiscal note covers only the cost of proposing the constitutional amendment. There will be minor programming for the Office of the Secretary of State and more substantial programming, tabulating, printing, and publishing costs to county auditors in preparing the ballots to include the constitutional amendment. Pursuant to section 204B.29, subd.1, there must be more ballots printed than voted for the office in the last election; either ten percent more than the number expected to be cast, or 100 ballots for every 85 voters who voted for the same office in the last election. Because 2026 is a midterm election year, and in 2022 there were 2,525,873 persons who voted, a ten percent increase would require 2,778,461 ballots to be printed statewide.

Expenditure and/or Revenue Formula

Estimated Secretary of State programming costs for reporting votes cast for the proposed amendment, canvassing the results, and preparing example ballots:

- One hour of programmer time @ \$100.00/hour: \$100
- One hour of elections administrator time @ \$50/hour: \$50
- Total Cost: \$150 (FY26)

The Secretary of State is able to absorb the costs identified as part of ongoing operational activities associated with the work of the office. These activities are not anticipated to displace any other work of the office.

Long-Term Fiscal Considerations

None.

Local Fiscal Impact

There are costs to local government, including for adding the amendment question to the ballot card, programming tabulating machines and counting votes cast, and printing and publishing notices of the constitutional amendment.

The bulk of the costs are for adding the question to 2,778,461 optical scan ballots. It is estimated that there is a five cent per ballot cost for that function:

2,778,461 ballots @ \$.05/ballot/constitutional question = \$138,923.05

If several constitutional amendments are put on the ballot, local election officials may need to provide voters with a second ballot. The number of constitutional amendments that would require any specific jurisdiction to use a second ballot will vary depending upon the number of other races on the ballot. According to the vendor printing most of the ballots in the state, the average cost of printing a second ballot is 29 cents. If all counties had to print second ballots, this would mean printing an additional 2,778,461 ballots for an added cost of approximately \$805,753.69.

References/Sources

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Agency Contact: Adam Hansen (651) 201-6870

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HF4 - 2A - Minnesota Tax Relief Account Amendment

Chief Author: **Wayne Johnson**
 Committee: **Taxes**
 Date Completed: **2/25/2025 5:21:32 AM**
 Agency: **Minn Management and Budget**

State Fiscal Impact	Yes	No
Expenditures		X
Fee/Departmental Earnings		X
Tax Revenue		X
Information Technology		X
Local Fiscal Impact		X

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Biennial Total			-			-

Full Time Equivalent Positions (FTE)	Biennium			Biennium		
	Dollars in Thousands	FY2025	FY2026	FY2027	FY2028	FY2029
Total	-	-	-	-	-	-

LBO Analyst's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

LBO Signature: Christian Larson **Date:** 2/25/2025 5:11:30 AM
Phone: 651-284-6436 **Email:** christian.larson@lbo.mn.gov

State Cost (Savings) Calculation Details

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Biennial Total			-			-

Bill Description

The bill would create a 2026 general election state ballot measure to amend the Minnesota Constitution to create a Minnesota tax relief account in the state treasury. Any excess revenue exceeding 105% of projected expenditures would be deposited into the account. Money in the account would be returned to property and income taxpayers through refunds or one-time tax reductions. A refund to a taxpayer could not exceed the taxpayer’s tax liability. The amount of excess revenue would be determined by the legislature based on one of the two most recent general fund budget forecasts for the current biennium.

The ballot question would be:

“Shall the Minnesota Constitution be amended to create a Minnesota tax relief account funded by the amount of projected revenues that exceed 105% of expenditures, that the legislature must use to refund or reduce state taxes?”

Assumptions

Under the current forecast this bill would not have an immediate impact if enacted and then approved by voters because revenue forecasts do not exceed expected spending in any year as of the November 2024 forecast.

If approved by voters, it is assumed that enabling statute would be enacted to provide guidance on implementation.

The creation of the tax relief account in the state treasury would have no cost. The process for allocation excess revenue to the account would have no cost.

It is assumed that department of revenue would administer the process for refunding the relief account balance and/or reducing taxes.

Expenditure and/or Revenue Formula

None

Long-Term Fiscal Considerations

If approved by voters, the constitutional amendment would have the effect of limiting the size of future available surpluses. The proposed amendment could also result in reduced resources available to mitigate future shortfalls in scenarios where a one-time revenue surplus is forecast but a long-term revenue shortfall or structural imbalance is forecast. Near term balances would be allocated to the tax relief account and not be available to mitigate structural imbalance in the budget

and planning years.

Local Fiscal Impact

References/Sources

Agency Contact: Ronika Rampadarat 651-201-8115

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HF4 - 2A - Minnesota Tax Relief Account Amendment

Chief Author: **Wayne Johnson**
 Committee: **Taxes**
 Date Completed: **2/25/2025 5:21:32 AM**
 Agency: **Revenue Dept**

State Fiscal Impact	Yes	No
Expenditures		X
Fee/Departmental Earnings		X
Tax Revenue	X	
Information Technology		X
Local Fiscal Impact		X

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LBO Analyst's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

LBO Signature: Joel Enders **Date:** 2/14/2025 4:31:18 PM
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State Cost (Savings) Calculation Details

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Biennial Total			-			-
2 - Revenues, Transfers In*						
Total	-	-	-	-	-	-
Biennial Total			-			-

Bill Description

This bill proposes an amendment to the Minnesota Constitution to establish the Minnesota tax relief account in the state treasury. The account will be funded by depositing the amount of projected revenues in the general fund that exceeds 105 percent of projected expenditures in each biennium. The funds in this account will be appropriated by law for the purpose of returning excess tax collections to taxpayers through refunds or offsets. The refunds will not be taxable under state law, and no appropriations or offsets for tax reductions will be made for any amount that exceeds a taxpayer's liability for tax. If enacted, the proposed amendment must be submitted to the people at the 2026 general election.

Assumptions

Revenue assumes no impact for this legislation. It is not clear who would implement the tax refunds or tax reductions mentioned in the bill. There is no language directing Revenue to do anything in the bill, or language that gives Revenue authority to do anything. If Revenue were directed to implement the tax refunds or tax reductions in this bill, it could be a substantial cost to the agency.

Expenditure and/or Revenue Formula

This bill may have an impact on state tax revenues. An estimate of revenue impact is not included in this fiscal note. The Department of Revenue prioritizes revenue estimate requests for bills before Tax Committee and will provide one for this bill when it is before Tax Committee.

Long-Term Fiscal Considerations

N/A

Local Fiscal Impact

N/A

References/Sources

Agency staff provided information for this fiscal note.

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