

# Senate Offer #1 - Compared to House Offer #1

5/13/2023

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LINE	ITEM	House Offer (5/12/23)		Senate Offer (5/13)	
		FY 2024-25	FY 2024-25	FY 2024-25	FY 2026-27
1	<b>TAX POLICY ITEMS</b>				
2					
3	<b>Revenue Increases</b>				
4	Fed. Conformity: Limitation on Excess Business Losses (ARPA)	-	69,000	-	69,000
5	Fed. Conformity: Extend Limitation on Excess Business Losses (IRA)	-	21,400	-	21,400
6	Fed. Conformity: Modify Nonresident Adjustment Calculation (Ch. 1, 2023 Session)	3,700	(2,400)	3,700	(2,400)
7	Fed. Conformity: Secure Act 2.0 - Def. Sales, Stock to An Empl. Stock Ownership Plan	-	-	-	-
8	Fed. Conformity: Secure Act 2.0 - Retirement Account Withdrawals Emergency Exp.	(1,300)	(2,600)	(1,300)	(2,600)
9	Fed. Conformity: Secure Act 2.0 - Simplified Employee Pension Plans	(200)	(200)	(200)	(200)
10	Fed. Conformity: Secure Act 2.0 - Distributions 529 Plans to a Roth IRAs	(1,200)	(2,500)	(1,200)	(2,500)
11	Fed. Conformity: Secure Act 2.0 - Qualified Charitable Contrib. from IRA	(1,500)	(2,200)	(1,500)	(2,200)
12	Fed. Conformity: Secure Act 2.0 - Exclusion, First Responder Retirement Benefits	-	-	-	-
13	Fed. Conformity: Secure Act 2.0 - Distributions from IRA for Federal Disasters	(1,400)	-	(1,400)	-
14	Fed. Conformity: Secure Act 2.0 - Limit Deduction for Charitable Conserv. Easements	7,500	4,700	7,500	4,700
15	Income Tax, Reduced Fifth Tier: \$1.0 million - Married Joint	198,418	491,004		
16	Corporate Tax, Worldwide Combined Unitary	438,100	693,700		
17	Federal Conformity - GILTI			237,900	427,700
18	Standard/Itemized Deduction Phaseout Modifications (10% above \$300k)			354,000	385,400
19	Reduced Deductions for Dividends Received (50%/65%)			43,600	69,000
20	Net Investment Income Tax (.9% above \$1m, excl. ag land sale gains, effective TY25)			-	157,100
21	<b>TOTAL REVENUE INCREASES</b>	<b>642,118</b>	<b>1,269,904</b>	<b>641,100</b>	<b>1,124,400</b>
22					
23	<b>Individual Income Tax</b>				
24	Child Tax Credit & Working Family Credit (House Position)	(710,800)	(738,000)		
25	Child Tax Credit @ \$1,100/child under 6, \$900/child age 6-17, phaseout 10% at \$40k/\$20k/\$26.7k			(751,600)	(799,900)
26	Onetime Advance Refundable Credit (\$250 single, \$500 married, +\$250/child up to 3, max \$1,250)	(1,133,200)	-	(1,133,200)	-
27	Social Security Subtraction, 100% subtraction, FAGI below\$100K,\$120K phaseout	(409,200)	(478,700)		
28	Social Security Subtraction, 100% subtraction, FAGI below\$100K,\$140K phaseout			(496,200)	(576,800)
29	Public Pension Subtraction, \$25K Max. Subtraction for MJ Filer with FAGI below \$100K	(82,400)	(81,800)	(82,400)	(81,800)
30	--Interaction - Social Security & Public Pension	1,600	1,600		
31	--Interaction - Social Security & Public Pension			2,000	2,000
32	Renter's Income Tax Credit (NET of Credit and Repealed Refund)	(378,600)	(275,500)	(378,600)	(275,500)
33	Child and Dependent Care Credit - Newborn Credit for Unmarried Filers	(3,200)	(3,200)	(3,200)	(3,200)
34	K-12 Education Credit Modifications (House position)	(31,700)	(33,600)		
35	K-12 Education Credit Modifications (Senate position)			(24,800)	(26,300)
36	--Interaction - K-12 Subtraction	2,500	2,600		
37	--Interaction - K-12 Subtraction			2,000	2,100
38	Angel Tax Credit Reinstatement (\$10m/year)			(20,000)	(20,000)
39	Working Family Credit expansion for ITIN filers	see WFC/child tax		(19,800)	(20,600)
40	Political Contribution Refund Increase (to \$75 single /\$150 married)	(2,100)	(4,900)	(2,100)	(4,900)
41	New Markets Tax Credit			-	(1,800)
42	Beginning Farmer Tax Credit (Senate allocation language only)	(12,000)	(12,000)		
43	Beginning Farmer Tax Credit			(8,000)	(8,000)
44	Short Line Railroad Construction Credit (\$3k/mile)			(2,800)	(2,800)
45	Manufactured Home Park Credit to cooperatives	(730)	(830)	(730)	(830)
46	Modify Film Production Credit	(18,600)	(25,700)	(18,600)	(25,700)
47	Modify Student Loan Credit	(20,000)	(30,000)		
48	Modify Student Loan Credit (House position)			(45,400)	(59,000)
49	Modify Definition of Resident Trust			-	(18,800)
50	Nonresident income modifications			-	(2,500)
51	Subtraction, Certain Sexual Harassment/Abuse Settlements	(200)	(200)	(200)	(200)
52	Modify Military Tax Credit	(200)	-	(200)	-

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		FY 2024-25	FY 2024-25	FY 2024-25	FY 2026-27
53	Subtraction, Unemployment Compensation Received by Teenagers	(10)	-	(10)	-
54	Pass-through Entity Modification			(Unknown)	(Unknown)
55	--Interactions with LGA (ESTIMATED)			180	360
56	--Interactions with CPA (ESTIMATED)			180	360
57	--Interactions with PILT Modifications			40	100
58	--Interactions with Electric Utility Transition Aid			10	20
59					
60	<b><u>Corporate Franchise Tax</u></b>				
61	Historic Rehabilitation Tax Credit Reinstatement			(3,800)	(22,800)
62	--Interactions with LGA (ESTIMATED)			180	360
63	--Interactions with CPA (ESTIMATED)			180	360
64	--Interactions with PILT Modifications			40	110
65	--Interactions with Electric Utility Transition Aid			10	30
66					
67	<b><u>Sales Tax Exemptions - Local Government Construction Projects</u></b>				
68	Construction materials exemption mod. - Mazeppa fire-damaged building			(20)	-
69	Construction materials exemption mod. - North Metro Range	(290)	-	(290)	-
70	Construction materials exemption - Beltrami County			-	(1,940)
71	Construction materials exemption - City of Chanhassen	(260)	(520)	(260)	(520)
72	Construction materials exemption - Chisholm public schools	(840)	-	(840)	-
73	Construction materials exemption - Duluth public schools	(510)	-	(510)	-
74	Construction materials exemption - Edina Community Health and Safety Center	-	(910)	-	(910)
75	Construction materials exemption - Ely public schools	(360)	-	(360)	-
76	Construction materials exemption - Grand Rapids IRA Civic Center			(520)	-
77	Construction materials exemption - Hibbing public schools	(260)	-	(260)	-
78	Construction materials exemption - Itasca County			(300)	(150)
79	Construction materials exemption - MSP Airport	(17,230)	(2,490)	(17,230)	(2,490)
80	Construction materials exemption - City of Moorhead	(240)	(480)	(240)	(480)
81	Construction materials exemption - Nashauk-Keewatin public schools	(1,240)	-	(1,240)	-
82	Construction materials exemption - Northern Lights Academy	(320)	-	(320)	-
83	Construction materials exemption - Northland learning center	(380)	-	(380)	-
84	Construction materials exemption - City of Oakdale	(250)	(500)	(250)	(500)
85	Construction materials exemption - City of Ramsey	(700)	(700)	(700)	(700)
86	Construction materials exemption - Red Lake County School District	(400)	-	(400)	-
87	Construction materials exemption - Red Rock Central School District	(1,060)	-	(1,060)	-
88	Construction materials exemption - Rock Ridge Public Schools	(3,050)	-	(3,050)	-
89	Construction materials exemption - City of Spring Grove	(130)	-	(130)	-
90	Construction materials exemption - Springfield School District	(740)	-	(740)	-
91	Construction materials exemption - City of Wayzata	(1,080)	-	(1,080)	-
92	Construction materials exemption - Woodbury Central Park	(520)	(520)	(520)	(520)
93					
94	<b><u>Sales Tax Exemptions - Other Exemptions (Senate 5/12 Offer)</u></b>				
95	Remove Exemption for Edible Cannabinoid Products	20	20		
96	County fair exemption expansion			(60)	(60)
97	Expanded exemption, baby products			(3,400)	(3,700)
98	Firearm storage units exemption			(40)	(40)
99	Fiber and conduit for broadband exemption			(4,400)	(4,650)
100	Exemption, Disregarded Single Member Entities	(1,470)	(1,670)	(1,470)	(1,670)
101	Exemption for amenities included with admission to athletic events			(1,010)	(730)
102	Exemption for sales to nonprofit blood centers	(1,700)	(600)	(1,700)	(600)
103	Snowmobile club exemption expansion			(110)	(120)
104	Retroactive and ongoing exemption for natural gas fees	(9,490)	(4,140)	(9,490)	(4,140)
105					
106	<b><u>Other Revenue Changes</u></b>				
107	Mortgage & Deed Tax, Dedication to Workforce Housing Dev. Account	(55,000)	(15,000)		
108	Combined Net Receipts (General Fund Impact)	(14,400)	(16,100)		

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109	Repeal \$50 Fee for Payment Agreement Plan	(3,000)	(3,000)	(3,000)	(3,000)
110	Minerals Article Net Revenue (Gross Proceeds Tax)	-	1,400	-	1,400
111					
112	<b>SUBTOTAL: TAX POLICY ITEMS</b>	<b>(2,271,622)</b>	<b>(455,536)</b>	<b>(2,401,100)</b>	<b>(846,750)</b>
113					
114	<b>EXPENDITURE ITEMS</b>				
115	<b>Aids</b>				
116	Onetime Public Safety Aid	50,000	-	300,000	
117	Onetime Tribal Aid			44,000	
118	Tribal Nations Aid	75,000	150,000		
119	LGA/CPA Increases (\$69.876m in Pay 24, \$74.841m in Pay 25, \$74.842m in Pay 26)	192,580	422,610	139,752	299,366
120	Morton and Echo Aid Forgiveness (FY23 Appropriations)	125	-	125	-
121	Mahnomen Property Tax Reimbursement Aid	160	320	160	320
122	Grant for City of Spring Grove - fire recovery	250	-	250	-
123	City of St Paul streets	30,000			
124	City of Northfield	300			
125	Windom Relief			14,000	-
126	City of Crane Lake Debt Service Relief			1,220	-
127	Payment in lieu of Taxes Modifications (House Position) (Senate # forgot interactns)	8,960	20,410	9,300	21,200
128	SWCD Aid (\$16m/year)	30,000	24,000	32,000	32,000
129	Electric Utility Transition Aid (Senate #s forgot interactns)	1,996	4,576	2,120	4,850
130	Repeal Utility Valuation Transition Aid	(17)	(37)	(17)	(37)
131	Local Homeless Prevention Aid	39,440	38,880		
132	Local Affordable Housing Aid	98,370	67,720		
133	<b>Property Tax Refunds</b>				
134	Homestead eligibility/PTR expansion for ITIN filers	2,000	2,000	2,000	6,000
135	Homestead Credit State Refund Copays 5%	41,800	84,900		
136	One-time 13.8% boost Homeowner PTR	92,300			
137	One-time 13.8% boost Renter PTR	32,300			
138	Targeting PTR - One-time FY 24	23,300	-		
	Targeting PTR - Reduce threshold from 12% to 10% incrs property tax, max refund increase from \$1,000 to \$2,000			1,900	4,700
139					
140	Enhanced Taxpayer Assistance (VITA)	2,000	2,000		
141	<b>Property Tax Changes</b>				
	Homestead Market Value Exclusion changes \$95,000 threshold, maximum exclusion \$38,000, maximum market value \$517,200 PTR interaction	-	(12,160)	-	(12,160)
142					
143	Community Land Trust 4d @ 0.75%		520		
144	Class 4d - PTR Interaction (net includes income tax interaction)			-	5,260
145	Class 4d Transition Aid			-	1,160
146	Saint Ann's senior residence exemption	10	20	10	20
147	Indian tribal owned property p tax exemptn (incl. CI levy reduction)	10	Negligible	10	Negligible
148	Classification change for solar energy systems	(negligible)	(negligible)	-	(Negligible)
149	Energy storage systems exemption			-	40
150	Green Acres deferral modification for certain property			-	Negligible
151	Spouses Disabled Vets' MVE application/reapply	30	80		
152	Disabled veteran market value exclusion increase			(290)	(650)
153	Spousal benefit mod. for disabled veterans' homestead market value exclusion			(Negligible)	(Negligible)
154	Modifying definition of attachments and appurtenances for coop utility lines			-	60
155	Agricultural homesteads, first tier valuation increase			-	1,280
156	Class 1c homestead resorts tier limit incrs; <\$850K/ \$850K to \$3.1M/ >\$3.1M			-	20
157	Watershed Districts Levy Authority Interactions (PTR and income, net)			-	920
158	Solid Waste Tax Distribution to SCORE Grants (5% to 3%)	6,900	7,300		
159	Solid Waste Tax Distribution to SCORE Grants (10% FY24, 20% FY25, 30% FY26 onward)			34,600	72,700
160	Local Election Expense Reimbursement			20,000	20,000

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161	Disallow Revenue Recapture	402	402		
162	Free file	175			
163	Taxpayer receipt	191	94		
164	Problem Gambling	144	161		
165					
166	Senior citizens' property tax deferral requirements: lower occupancy requirement to 5 years, increase HH income to \$96K - PTR interaction	260	1,290	260	1,290
167					
168	<b><u>Property Tax Refund Interactions</u></b>				
169	--Interactions with LGA (ESTIMATED)			(1,090)	(2,180)
170	--Interactions with CPA (ESTIMATED)			(1,090)	(2,180)
171	--Interactions with PILT Modifications			(250)	(580)
172	--Interactions with Electric Utility Transition Aid			(70)	(150)
173					
174	<b>SUBTOTAL: EXPENDITURE ITEMS</b>	<b>728,986</b>	<b>815,086</b>	598,900	453,249
175					
176	<b><u>LEADERSHIP AGREEMENT</u></b>				
177	Onetime Refundable Credit Payment (TY21)				
178					
179	Social Security Subtraction, 100% subtraction, FAGI below\$100K,\$120K phaseout				
180	Public Pension Subtraction				
181	Interaction between Social Security Subtraction and Public Pension Subtraction				
182					
183					
184	<b>SUBTOTAL: LEADERSHIP ITEMS</b>	-	-	-	-
185					
186	<b>TOTAL</b>	<b>(3,000,608)</b>	<b>(1,270,622)</b>	(3,000,000)	(1,299,999)

**NOTES**

General Fund Effects Only  
\$'s in Thousands