

HF3913 - 0 - Tax Compliance Program Authorized

Chief Author: **Michael Howard**
 Committee: **Taxes**
 Date Completed: **3/11/2026 7:28:58 PM**
 Agency: **Revenue Dept**

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) Dollars in Thousands	Biennium			Biennium	
	FY2025	FY2026	FY2027	FY2028	FY2029
General Fund	-	-	5,000	5,000	5,000
Total	-	-	5,000	5,000	5,000
Biennial Total			5,000		10,000

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2025	FY2026	FY2027	FY2028	FY2029
General Fund	-	-	-	-	-
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.

This fiscal note does not address any potential return on investment associated with increased tax compliance activities. Legislative Budget Office Uniform Standards and Procedures do not allow secondary impacts, including anticipated return on investment, in the calculation of fiscal effects that are shown on fiscal note Cost (Savings) tables. Agencies may, but are not required to, identify secondary impacts in the fiscal note Assumptions section for discussion purposes.

LBO Signature: Joel Enders **Date:** 3/11/2026 7:28:58 PM
Phone: 651-284-6542 **Email:** joel.enders@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	
General Fund	-	-	5,000	5,000	5,000	
Total	-	-	5,000	5,000	5,000	
Biennial Total			5,000			10,000
1 - Expenditures, Absorbed Costs*, Transfers Out*						
General Fund	-	-	5,000	5,000	5,000	
Total	-	-	5,000	5,000	5,000	
Biennial Total			5,000			10,000
2 - Revenues, Transfers In*						
General Fund	-	-	-	-	-	
Total	-	-	-	-	-	
Biennial Total			-			-

Bill Description

Section 1, subdivision 1 of HF 3913 states that the commissioner of revenue may implement a program of tax compliance, including the use of tax analytics and business intelligence tools to enhance tax assessments and collections.

Section 1, subdivision 2 allows the commissioner of revenue to enter into contracts for tax analytics and business intelligence tools.

Section 1, subdivision 3 directs the compliance priority to corporations and complex pass-through entities, individual income taxes for taxpayers reporting over \$500,000 in taxable income, and businesses subject to the state’s sales and use tax laws.

Section 2 appropriates \$5,000,000 in FY27 from the general fund to the commissioner of revenue to pay for the above-mentioned analytics and tools.

Assumptions

The Department of Revenue (Revenue) assumes an effective date of July 1, 2026 since no effective date is provided and the bill includes appropriation language. Revenue assumes it will receive an ongoing annual appropriation of \$5,000,000 from the general fund beginning in FY27. Revenue assumes no additional costs beyond the appropriation provided in section 2.

Revenue assumes the appropriation will be used to enhance tax compliance and tax fraud enforcement efforts by leveraging technology to strengthen the department’s data analytics and business intelligence capabilities.

Expenditure and/or Revenue Formula

N/A

Long-Term Fiscal Considerations

N/A

Local Fiscal Impact

N/A

References/Sources

Agency staff provided information for this fiscal note.

Agency Contact:

Agency Fiscal Note Coordinator Signature: George Drometer

Phone: 651-556-6009

Date: 3/11/2026 7:19:28 PM

Email: george.drometer@state.mn.us