

# Revised

## Consolidated Fiscal Note

2019-2020 Legislative Session

### HF1763 - 1A - "Taxpayer Receipt Established"

Chief Author: **Paul Marquart**  
 Committee: **Taxes**  
 Date Completed: **05/06/2019**  
 Lead Agency: **Minn Management and Budget**  
 Other Agencies:  
     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)	Biennium			Biennium		
	Dollars in Thousands	FY2019	FY2020	FY2021	FY2022	FY2023
<b>Minn Management and Budget</b>						
General Fund	-	100	47	47	47	47
<b>Revenue Dept</b>						
General Fund	-	19	8	8	8	8
<b>State Total</b>						
General Fund	-	119	55	55	55	55
<b>Total</b>	-	<b>119</b>	<b>55</b>	<b>55</b>	<b>55</b>	<b>55</b>
<b>Biennial Total</b>			<b>174</b>			<b>110</b>

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2019	FY2020	FY2021	FY2022	FY2023
<b>Minn Management and Budget</b>					
General Fund	-	1	.5	.5	.5
<b>Revenue Dept</b>					
General Fund	-	.18	.09	.09	.09
<b>Total</b>	-	<b>1.18</b>	<b>.59</b>	<b>.59</b>	<b>.59</b>

#### Lead Executive Budget Officer's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with MMB's Fiscal Note policies.

EBO Signature: Marianne Conboy      Date: 05/06/2019  
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## 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.

<b>State Cost (Savings) = 1-2</b>		<b>Biennium</b>			<b>Biennium</b>	
<b>Dollars in Thousands</b>		<b>FY2019</b>	<b>FY2020</b>	<b>FY2021</b>	<b>FY2022</b>	<b>FY2023</b>
<b>Minn Management and Budget</b>						
General Fund		-	100	47	47	47
<b>Revenue Dept</b>						
General Fund		-	19	8	8	8
<b>Total</b>		<b>-</b>	<b>119</b>	<b>55</b>	<b>55</b>	<b>55</b>
<b>Biennial Total</b>				<b>174</b>		<b>110</b>
<b>1 - Expenditures, Absorbed Costs*, Transfers Out*</b>						
Minn Management and Budget						
General Fund		-	100	47	47	47
Revenue Dept						
General Fund		-	19	8	8	8
<b>Total</b>		<b>-</b>	<b>119</b>	<b>55</b>	<b>55</b>	<b>55</b>
<b>Biennial Total</b>				<b>174</b>		<b>110</b>
<b>2 - Revenues, Transfers In*</b>						
Minn Management and Budget						
General Fund		-	-	-	-	-
Revenue Dept						
General Fund		-	-	-	-	-
<b>Total</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Biennial Total</b>				<b>-</b>		<b>-</b>

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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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State Cost (Savings)	Biennium			Biennium		
	Dollars in Thousands	FY2019	FY2020	FY2021	FY2022	FY2023
General Fund	-	100	47	47	47	47
<b>Total</b>	-	<b>100</b>	<b>47</b>	<b>47</b>	<b>47</b>	<b>47</b>
<b>Biennial Total</b>			<b>147</b>			<b>94</b>

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2019	FY2020	FY2021	FY2022	FY2023
General Fund	-	1	.5	.5	.5
<b>Total</b>	-	<b>1</b>	<b>.5</b>	<b>.5</b>	<b>.5</b>

#### Executive Budget Officer's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with MMB's Fiscal Note policies.

EBO Signature: Marianne Conboy      Date: 5/6/2019 4:56:14 PM  
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## State Cost (Savings) Calculation Details

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

<b>State Cost (Savings) = 1-2</b>		<b>Biennium</b>			<b>Biennium</b>	
<b>Dollars in Thousands</b>		<b>FY2019</b>	<b>FY2020</b>	<b>FY2021</b>	<b>FY2022</b>	<b>FY2023</b>
General Fund	-	100	47	47	47	47
<b>Total</b>	<b>-</b>	<b>100</b>	<b>47</b>	<b>47</b>	<b>47</b>	<b>47</b>
<b>Biennial Total</b>			<b>147</b>			<b>94</b>
<b>1 - Expenditures, Absorbed Costs*, Transfers Out*</b>						
General Fund	-	100	47	47	47	47
<b>Total</b>	<b>-</b>	<b>100</b>	<b>47</b>	<b>47</b>	<b>47</b>	<b>47</b>
<b>Biennial Total</b>			<b>147</b>			<b>94</b>
<b>2 - Revenues, Transfers In*</b>						
General Fund	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Biennial Total</b>			<b>-</b>			<b>-</b>

## Bill Description

Section 1 specifies that Minnesota Management and Budget must develop and publish on its website an interactive taxpayer receipt that:

- Describes the share of state general fund expenditures represented by major expenditure categories in the most recent fiscal year for which data is available
- Shows the approximate allocation of motor vehicle fuel taxes among eligible transportation purposes
- For each expenditure category, includes select data on the performance goals and outcomes
- Allows a user to input an income amount, and estimates the corresponding amount of major state taxes (i.e., income, sales, alcohol, tobacco, and motor vehicle fuels taxes) paid by the user
- Allocates the user's estimated state tax liability to each major expenditure category based on the category's percentage share of total state general fund spending
- Estimates the amount of income and direct sales taxes paid based upon the taxpayer's income
- Allows a user to indicate whether the user used tobacco, consumed alcohol, or purchased motor vehicle fuel in the previous year, and provide a corresponding estimate of the cigarette, alcohol, and motor vehicle fuel taxes paid by the user
- Is updated by December 31 of each year and is publicly promoted

Section 2 specifies that the Department of Revenue must:

Offer all individual income taxpayers the opportunity to elect to receive information about a taxpayer receipt

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- via electronic mail or United States mail
- Provide the opportunity to elect to receive the receipt via long and short tax forms

## Assumptions

- Tax estimates featured on the interactive taxpayer receipt will be based solely on the taxpayers' reported income and expenditures on cigarette, alcohol, and motor vehicle fuel
- Performance goals and outcomes will be drawn from agency budget documents
- Public promotion will consist of announcements on the Minnesota Management and Budget website and social media platforms. No promotional print materials will be published or distributed.
- Minnesota Management and Budget will not deliver personalized receipts via electronic mail or United States mail.

## Expenditure and/or Revenue Formula

- \$98,500 compensation, fringe and new workstation for 1 FTE State Program Admin Coordinator (\$70,000 salary) in FY20 and \$45,500 for 0.5 FTE in FY21 and each year thereafter to:
  - Design and maintain the interactive taxpayer receipt using Tableau software
  - Update the assumptions used in the interactive taxpayer receipt, in coordination with the Department of Revenue and other agencies
- \$1,000 for Tableau software in FY20 and each year thereafter

## Long-Term Fiscal Considerations

None.

## Local Fiscal Impact

None.

## References/Sources

**Agency Contact:** Bryan Dahl 651-201-8031

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## Fiscal Note

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 Committee: **Taxes**  
 Date Completed: **05/06/2019**  
 Agency: **Revenue Dept**

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Expenditures	X	
Fee/Departmental Earnings		X
Tax Revenue		X
Information Technology		X
Local Fiscal Impact		X

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General Fund	-	19	8	8	8	8
<b>Total</b>	-	<b>19</b>	<b>8</b>	<b>8</b>	<b>8</b>	<b>8</b>
<b>Biennial Total</b>			<b>27</b>			<b>16</b>

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
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General Fund	-	.18	.09	.09	.09
<b>Total</b>	-	<b>.18</b>	<b>.09</b>	<b>.09</b>	<b>.09</b>

#### Executive Budget Officer's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with MMB's Fiscal Note policies.

EBO Signature: Paul Moore      Date: 3/17/2019 3:00:56 PM  
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## State Cost (Savings) Calculation Details

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<b>Total</b>		<b>-</b>	<b>19</b>	<b>8</b>	<b>8</b>	<b>8</b>
<b>Biennial Total</b>				<b>27</b>		<b>16</b>
<b>1 - Expenditures, Absorbed Costs*, Transfers Out*</b>						
General Fund	-	19	8	8	8	8
<b>Total</b>		<b>-</b>	<b>19</b>	<b>8</b>	<b>8</b>	<b>8</b>
<b>Biennial Total</b>				<b>27</b>		<b>16</b>
<b>2 - Revenues, Transfers In*</b>						
General Fund	-	-	-	-	-	-
<b>Total</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Biennial Total</b>				<b>-</b>		<b>-</b>

## Bill Description

Minnesota Management and Budget (MMB) would create a web-based taxpayer receipt system with data received from the Department of Revenue (DOR). Updates must be sent to MMB annually. In addition, DOR would provide information about, and direct people to the taxpayer receipt system via electronic filing, paper filing, MDOR website income tax form and instructions.

## Assumptions

DOR's Tax Research Division would develop and/or modify current analysis of taxes paid by taxpayer income to provide to MMB to meet the requirements of this bill.

DOR would provide information about, and direct people to the taxpayer receipt system via electronic filing, paper filing, DOR website income tax form and instructions.

The first instance will be published by December 31, 2020.

DOR assumes the taxpayer is required to go to the MMB receipt website in order to generate the receipt. We assume DOR will not have the ability to generate a receipt for the taxpayer and will only be required to provide information about accessing the receipt website when the taxpayer requests the information. It is not DOR's intention to contact individuals in regard to their particular situation.

DOR assumes MMB will be main agency for publicizing the receipt.

DOR will update and maintain on our website and Individual Income Tax forms/instructions to inform taxpayers about the receipt and where to obtain a receipt.

DOR will create/update tax forms, instructions, schedules, fact sheets, web content and outreach materials to reflect the changes in this bill.

DOR will include information about the receipt website in GovDelivery updates. We will add a sentence to the Form M1, but will not add any new lines to the return. We will include information in our instruction booklet and on our website about the receipt website. We will provide information in our VITA materials for volunteers and individuals to know about the website.

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DOR while not main agency for publicity will issue social media bulletins about the receipt each year when the information at MMB site is updated and at close of filing season.

DOR will coordinate requirements for including information about the availability of the tax receipt in approved tax preparation software, and update the information yearly in systems requirements and the communications with software providers.

## **Expenditure and/or Revenue Formula**

This bill will not impact state tax revenues.

<b>Administrative Costs</b>	<b>FY19</b>	<b>FY20</b>	<b>FY21</b>	<b>FY22</b>	<b>FY23</b>
Employees		13	6	6	6
Systems Analysis and Testing		5	2	2	2
Forms/Media/Communications		1			
<b>Total Administrative Costs</b>		<b>19</b>	<b>8</b>	<b>8</b>	<b>8</b>

## **Long-Term Fiscal Considerations**

DOR would need to update the analysis and provide it to MMB on an annual basis.

DOR will coordinate requirements for including information about the availability of the tax receipt in approved tax preparation software, and update the information yearly in systems requirements and the communications with software providers.

DOR will maintain on our website and Individual Income Tax forms/instructions to inform taxpayers about the receipt and where to obtain a receipt.

## **Local Fiscal Impact**

## **References/Sources**

**Agency Contact:** Lisa Knops

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