

REVISED

MINNESOTA'S



COVID-19 RECOVERY BUDGET



2022-2023 BUDGET RECOMMENDATIONS

Budget Priorities



Ensuring students catch up on learning



Supporting working families



Supporting small businesses and driving economic recovery

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Projected Budget Shortfall

Projected Surplus

Uses \$1.53 Billion of the Budget Reserve
(Includes \$491 Million Transfer Required by Law)

Restores Full Reserve*

Caps Stadium Reserve at \$100 Million

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Net New Investments: **\$1.3 Billion**

Net New Investments: **\$1.61 Billion**

Reductions: **\$150 Million**

Reductions: **\$85 Million**

Net New Revenue: **\$1.66 Billion**

Net New Revenue: **\$670 Million**

Tax Cuts for Working Families: **\$230 Million**

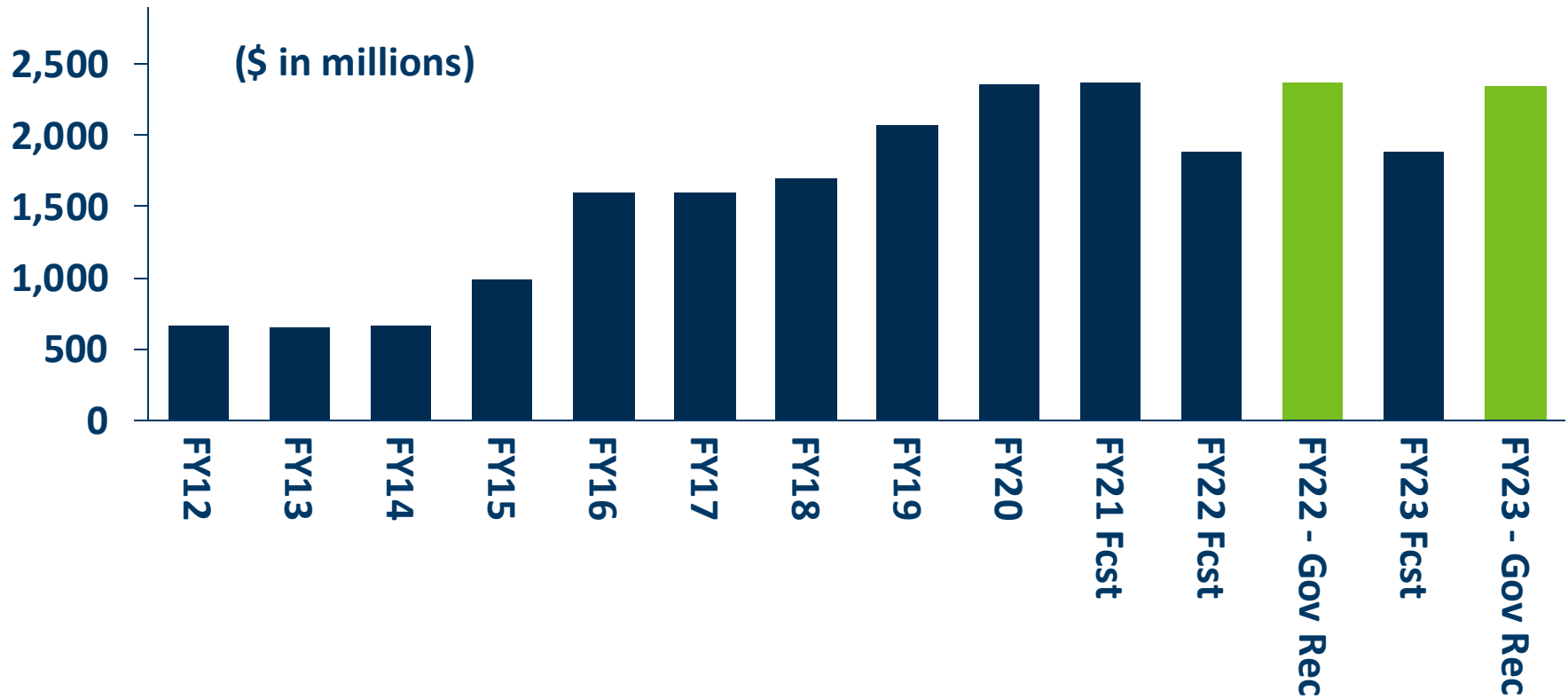
Tax Cuts for Working Families
and Small Businesses:
\$1 Billion

*\$34 Million to Backfill for Revising BRC Proposals

FY 2022-23 Revised Budget

(\$ in millions)	February FY 2022-23	Revised March FY 2022-23	\$ Change
Beginning Balance	\$3,748	\$3,542	\$(206)
Revenues	50,917	51,582	\$666
Spending	50,657	52,270	\$1,613
Budget Reserve	1,886	2,343	457
Cash Flow Account	350	350	-
Stadium Reserve	201	100	(101)
Budgetary Balance	\$1,571	\$61	\$(1,510)

Restores the Budget Reserve



Reductions to Previous Revenue Proposals

- **Removes Cigarette Tax Increase**
- **Removes Estate Tax Increase**
- **Reduces Corporate Franchise Tax Rate Increase from 11.25% to 10.8%**

Additional Tax Cuts for Working Families

- **Builds on the Success of the Working Family Credit**
 - Expands eligibility for 19 and 20 year-olds
 - Expands the tax credit for low-wage working adults, who do not claim dependents
 - Increases the maximum credit amount and phase-outs for each of the brackets
- **Property Tax Refund Modifications**
 - Expands the maximum property tax refund available for renters
 - Excludes veterans disability compensation from income used to determine property tax refunds for renters and homeowners
- **Eliminates Income Taxes on Unemployment Insurance Benefits for Benefits up to \$10,200**

Adopts Federal Changes for Individuals and Small Business

- Adopts modified conformity for the Shuttered Venues Operators Grant and the Paycheck Protection Programs to exclude the first \$350,000 from income for forgiven loan amounts.
- Provides additional funding for Volunteer Income Tax Assistance (VITA) grants for taxpayer assistance.
- Adopts additional federal changes that benefit individuals and businesses, including:
 - rules for depreciating equipment and business deductions,
 - expansion of charitable contribution limits,
 - natural disaster relief provisions,
 - exclusion of discharge of indebtedness on principal residence, and
 - deduction for tuition and fees.

Reduction Decreases and Additional Investments

- **K-12 Education**

- Provides additional funding for Compensatory Aid
- Provides expanded access to tutoring services

- **Higher Education**

- Additional funding for Minnesota State

- **Public Safety/Corrections**

- Eliminates the reduction to county grants for community services and provides a funding increase
- Additional funding for State Patrol operations
- Provides funding for MN Heals grants

- **Health and Human Services**

- Eliminates TANF Refinancing and reinvests those dollars in families affected by COVID
- Restores funding for Medical Education and Research Costs (MERC)

Spending By Bill Area – General Fund

(\$ in millions)	FY 2021	FY 2022-23	FY 2024-25
E-12 Education	\$83	\$745	\$1,078
Higher Education	(4)	170	210
Property Tax Aids & Credits	0	49	79
Health & Human Services	42	214	178
Public Safety & Judiciary	50	147	132
Transportation	14	25	13
Environment	3	41	25
Agriculture & Housing	(1)	24	2
Jobs, Economic Development & Commerce	47	80	16
State Government & Veterans	(5)	66	65
Debt Service	0	4	5
Capital Projects & Grants	0	48	33
Total	\$229	\$1,613	\$1,837