

Bill Comparison Summary of House File 3669, Third Engrossment / House File 3669, Second Unofficial Engrossment

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Comparison Summary of H.F. 3669 – House (H3669-3) / Senate (H3669, 2UE)

| Section | HOUSE Article 1: Federal Conformity | SENATE Article 1: Federal Update |
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| 1 | <p>Internal Revenue Code.</p> <p>Updates chapter 289A for federal changes through November 15, 2021.</p> <p>Effective date: When effective for federal purposes.</p> | <p>Section 1. Similar.</p> <p>Minor technical differences in the effective date. Senate provides that the changes affected by federal changes are subject to the catch-up provision in section 20.</p> |
| 2 | <p>Composite income tax returns for nonresident partners, shareholders, and beneficiaries.</p> <p>Amends the definition of “income” for composite return filers to include the addition for business meals in section 5 and the subtraction for delayed business interest in section 7.</p> <p>Effective for tax years in 2022 and later.</p> | <p>Section 2. Similar.</p> <p>Technical differences in cross-references. Senate reference includes the addition and subtraction for the special limited adjustment in section 20.</p> |
| 3 | <p>Net income.</p> <p>Updates the definition of “net income” in chapter 290 for federal changes through November 15, 2021.</p> <p>Effective date: When effective for federal purposes.</p> | <p>Section 3. Similar.</p> <p>Minor technical differences in the effective date. Senate provides that the changes affected by federal changes are subject to the catch-up provision in section 20.</p> |
| 4 | <p>Internal Revenue Code.</p> <p>Updates the definition of “Internal Revenue Code” for federal changes through November 15, 2021.</p> <p>Effective date: When effective for federal purposes.</p> | <p>Section 4. Similar.</p> <p>Minor technical differences in the effective date. Senate provides that the changes affected by federal changes are subject to the catch-up provision in section 20.</p> |
| | <p>No comparable provision.</p> | <p>Section 5. Amount for dependents.</p> <p>Specifies that taxpayers must use earned income from the current taxable year for purposes of calculating the standard deduction for dependents.</p> <p>Effective retroactively to tax year 2018.</p> |
| 5 | <p>Meal expenses.</p> <p>Requires an addition for individual taxpayers who deducted business meal expenses in excess of the 50 percent deduction limitation.</p> <p>Effective for tax year 2022 and later.</p> | <p>Section 6. Same.</p> |
| | <p>Similar provision in section 16.</p> | <p>Section 7. Special limited adjustment.</p> <p>Requires an addback of the special limited adjustment in section 20 for individual filers if the amount calculated increases net income. Requires partners, shareholders, or beneficiaries who file returns on a calendar year basis and received an addition from a PTE filing a return on a fiscal year basis to claim the addition in the taxable year it is received as required for federal tax purposes.</p> <p>Effective for tax years 2022 and 2023.</p> |
| 6 | <p>Net operating losses.</p> <p>Provides an individual subtraction for the net operating loss deduction not allowed under the federal update and special adjustment. The subtraction would be limited to 80 percent of a taxpayer’s taxable income.</p> <p>Effective for tax year 2022 and later.</p> | <p>Section 8. Same.</p> |

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| Section | HOUSE Article 1: Federal Conformity | SENATE Article 1: Federal Update |
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| | <p>Similar provision in section 16.</p> | <p>Section 9. Special limited adjustment. Requires an addback of the special limited adjustment in section 20 for individual filers if the amount calculated increases net income. Requires partners, shareholder, or beneficiaries who file returns on a calendar year basis and received an addition from a PTE filing a return on a fiscal year basis to claim the addition in the taxable year it is received as required for federal tax purposes. Effective for tax years 2022 and 2023.</p> |
| 7 | <p>Delayed business interest. Provides a five-year pro rata individual subtraction for the business interest deduction not allowed under the federal update and special adjustment. Effective for tax year 2022 and later.</p> | <p>Section 10. Similar. Technical differences. Senate references the codified special limited adjustment in section 20 and does not provide an expiration date.</p> |
| 8 | <p>Meal expenses. Requires an addition for C corporations who deducted business meal expenses in excess of the 50 percent deduction limitation. Effective for tax year 2022 and later.</p> | <p>Section 11. Same.</p> |
| | <p>Similar provision in section 16.</p> | <p>Section 12. Special limited adjustment. Requires an addback of the special adjustment in section 20 for corporate filers if the amount calculated increases net income. Effective for tax years 2022 and 2023. Requires partners, shareholder, or beneficiaries who file returns on a calendar year basis and received an addition from a PTE filing a return on a fiscal year basis to claim the subtraction in the taxable year it is received as required for federal tax purposes. Effective for tax years 2022 and 2023.</p> |
| | <p>Similar provision in section 16.</p> | <p>Section 13. Special limited adjustment. Provides a subtraction of the special limited adjustment in section 20 for corporate filers if the amount calculated increases net income. Requires partners, shareholder, or beneficiaries who file returns on a calendar year basis and received a subtraction from a PTE filing a return on a fiscal year basis to claim the subtraction in the taxable year it is received as required for federal tax purposes. Effective for tax years 2022 and 2023.</p> |
| 9 | <p>Delayed business interest. Provides a five-year pro rata corporate subtraction for the business interest deduction not allowed under the federal update and special adjustment. Effective for tax year 2022 and later.</p> | <p>Section 14. Similar. Technical differences. Senate references the codified special limited adjustment in section 20 and does not provide an expiration date.</p> |
| 10 | <p>Schedule of rates for individuals, estates, and trusts. Applies the business meal expense addition and delayed business interest subtraction to the calculation of a taxpayer’s Minnesota residency percentage.</p> | <p>Section 15. Similar. Differences in cross-references. Senate reference includes the addition and subtraction for the special limited adjustment in section 20.</p> |

Comparison Summary of H.F. 3669 – House (H3669-3) / Senate (H3669, 2UE)

| Section | HOUSE Article 1: Federal Conformity | SENATE Article 1: Federal Update |
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| | Effective for tax year 2022 and later. | |
| | No comparable provision. | Section 16. Definitions. [working family credit] Specifies that taxpayers must use earned income from the current taxable year for purposes of the working family credit. Effective retroactively to tax year 2018. |
| | No comparable provision. | Section 17. Definitions. [marriage penalty] Specifies that taxpayers must use earned income from the current taxable year for purposes of the marriage penalty credit. Effective retroactively to tax year 2018. |
| 11 | Definitions; individual alternative minimum tax. Applies the business meal expense addition and delayed business interest subtraction to the calculation of a taxpayer’s alternative minimum taxable income. Additionally applies the new NOL rules in section 12. Effective for tax year 2022 and later. | Section 18. Similar. Differences in cross-references. Senate reference includes the addition and subtraction for the special limited adjustment in section 20. |
| 12 | Carryback or carryover adjustments. Defines the amount of the net operating loss deduction allowed as an individual subtraction under section 6. The amount is based on the carryforward amount an individual is allowed under the net operating loss rules established in 2017 in the Tax Cuts and Jobs Act (TCJA). Under the individual net operating loss provisions of this article, the federal net operating loss deduction claimed federally would flow through to the state beginning in 2022, while an additional subtraction is provided for any remaining net operating loss deductions allowed under the TCJA rules (except the indefinite carryforward rule), as of the same date. Effective retroactively for tax years in 2018 and 2019. | Section 19. Similar. Technical differences in effective date. Senate provides that the effective date is effective for losses arising in 2018 and 2019. |
| 13 | Special limited adjustment. Establishes a “special limited adjustment to tax” for all tax filers for tax years prior to 2022. While the bill generally conforms retroactively, the special limited adjustment would adjust a taxpayer’s tax liability by the difference in tax between the pre-conformity and post-conformity tax calculations. Although the bill generally conforms to most federal provisions retroactively, the adjustment means that conformity will not affect the tax paid in tax years prior to 2022. The adjustment does not apply to: <ul style="list-style-type: none">▪ Exclusion from gross income of a discharge of qualified principal residence, in the Taxpayer Certainty and Disaster Tax Relief Act of 2020 (TCDTRA 2020).▪ Special rules for disaster-related personal casualty losses (TCDTRA 2020).▪ Exclusion from gross income and no denial of deduction for the Treasury Program | Section 20. Similar. Similar language to sections 13 and 16 of House bill. Differences in which provisions are allowed fully retroactively. Senate applies the same approach to: <ul style="list-style-type: none">▪ Exclusion from gross income of a discharge of qualified principal residence, in the Taxpayer Certainty and Disaster Tax Relief Act of 2020 (TCDTRA 2020).▪ Special rules for disaster-related personal casualty losses (TCDTRA 2020); and▪ Exclusion from gross income and no denial of deduction for the Treasury Program |

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| Section | HOUSE Article 1: Federal Conformity | SENATE Article 1: Federal Update |
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| | <p>Management Authority (COVID-related Tax Relief Act of 2020).</p> <ul style="list-style-type: none"> ▪ Exclusion from gross income and no denial of deduction for the Shuttered Venue Operator Grants (COVID-related Tax Relief Act of 2020). ▪ Tax treatment of Targeted EIDL advances (American Rescue Plan Act (ARPA) 2021). ▪ Tax treatment of restaurant revitalization grants (ARPA 2021). ▪ Modification of treatment of student loan forgiveness (ARPA 2021). | <p>Management Authority (COVID-related Tax Relief Act of 2020).</p> <p>Senate applies the special limited adjustment to net income instead of to tax.</p> |
| 14 | <p>Internal Revenue Code.</p> <p>Updates the definition of “Internal Revenue Code” for federal changes through November 15, 2021, for the property tax refund.</p> <p>Effective date: property tax refunds based on rent paid in 2022 and property taxes payable in 2023.</p> | <p>Section 21. Similar.</p> <p>Senate provision is the same, except for the effective date.</p> <p>Effective date: property tax refunds based on rent paid in 2021 and property taxes payable in 2022.</p> |
| 15 | <p>Scope.</p> <p>Updates the definition of “Internal Revenue Code” for federal changes through November 15, 2021, for the estate tax.</p> <p>Effective date: The day following final enactment, except the changes incorporated by federal changes are effective retroactively at the same time they became effective for federal purposes.</p> | <p>Section 21. Same.</p> |
| 16 | <p>Nonconformity adjustment.</p> <p>Requires taxpayers to take an addition or subtraction in tax year 2022 to account for the federal provisions being adopted in the article. The nonconformity addition or subtraction would equal the amount of any changes due to conformity in taxable years prior to 2022. This has the effect of requiring a taxpayer to apply any changes to net income from conformity to their 2022 return.</p> <p>A number of federal provisions are excluded from the adjustment:</p> <ul style="list-style-type: none"> ▪ The federal tuition deduction for taxable years 2018 to 2020. ▪ Increases in adjusted gross income due to the employee retention credit. ▪ Increases in adjusted gross income due to the credits for paid sick and paid family leave. ▪ Preferential treatment for charitable contributions, including the above-the-line deduction and increase in the contribution limitations. ▪ CARES Act NOL and interest deduction rules. ▪ The business meals deduction. ▪ Increases in adjusted gross income due to the ARPA COBRA Premium Assistance Credit. ▪ Temporary enhancements of the dependent care credit under ARPA. | <p>Section 20. Similar.</p> <p>Senate excludes the provisions from the adjustment listed for the House, and also excludes:</p> <ul style="list-style-type: none"> ▪ Temporary lift of the cap on deductibility of individual annual giving from 10 percent of AGI to 25 percent for cash contributions (2020). ▪ Exclusion of up to \$5,250 of employer payments of employees’ student loans. |

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| | <p>The bill requires taxpayers who file on a calendar year basis to take the nonconformity adjustment in the taxable year it was received for federal purposes.</p> <p>The nonconformity adjustment would apply to the calculation of a taxpayer’s residency percentage, alternative minimum taxable income, and the pass-through entity tax.</p> <p>Effective for tax year 2022 for most filers.</p> | |
| 17 | <p>Repealer. Repeals the section containing temporary conformity provisions in the 2021 tax bill. That section is subsumed by the broader conformity in the bill.</p> | <p>No comparable provision.</p> |

| Section | HOUSE Article 2: Individual Income and Corporate Franchise Taxes | SENATE Article 2: Income, Corporate Franchise, and Estate Taxes |
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| 1 | <p>Definitions (beginning farmer credit). Expands eligibility for beginning farmer income tax credits to include beginning farmers who have structured their business as a Limited Liability Company (LLC). To qualify, a beginning farmer’s LLC must satisfy one of the exceptions provided in the Corporate Farm Law. Effective for tax year 2022 and later.</p> | <p>No comparable provision.</p> |
| 2 | <p>Tax credit for owners of agricultural assets. Allows sales of agricultural assets to family members (or spouses of family members) that are beginning farmers to qualify for the beginning farmer agricultural asset credit. In the case of sales of agricultural assets sold to a family member, to qualify for the credit the sale price must equal or exceed the assessed market value of the asset. If there is no assessed value of the asset, the sale price must equal or exceed 80 percent of the fair market value of the asset. Effective for tax year 2022 and later.</p> | <p>No comparable provision.</p> |
| 3 | <p>Authority duties. Reduces the amount of credit allocations available per year by \$300,000, and appropriates the same amount to the Rural Finance Authority to develop an online application system and administer the credit. The reduction first applies to tax year 2022. Requires the Rural Finance Authority to promote the availability of the credit and provide application assistance to socially disadvantaged farmers and ranchers. Effective for tax year 2022 and later.</p> | <p>No comparable provision.</p> |

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| Section | HOUSE Article 2: Individual Income and Corporate Franchise Taxes | SENATE Article 2: Income, Corporate Franchise, and Estate Taxes |
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| | <p>No comparable provision</p> | <p>Section 1. Report to legislature. Modifies the requirements for the beginning farmer tax credit report that the Rural Finance Authority must submit to certain legislative committees. The report deadline is extended by one year to include data through 2022. The report must include data on the number of beginning farmers by race and ethnicity, and to the extent available, the number of beginning farmers who were members of a socially disadvantaged group. Effective the day following final enactment.</p> |
| 4 | <p>Credit allowed. Increases the dollar amount threshold for the small business investment credit (also known as the “angel investment credit”) for tax year 2022 from \$5 million to \$12 million. Effective for tax year 2022.</p> | <p>Section 2. Same.</p> |
| 5 | <p>Definitions. Allows the \$1 million threshold for eligible production costs under the film credit to be made in a consecutive twelve-month period (beginning when Minnesota expenditures are first made) rather than in a taxable year. Effective for tax year 2022 and thereafter.</p> | <p>No comparable provision.</p> |
| | <p>No comparable provision.</p> | <p>Section 3. New markets tax credit. Subd. 1. Definitions. Defines terms applicable to the credit Subd. 2. Credit allowed; qualification; limitation. Allows a credit equal to the applicable percentage for each credit allowance date, multiplied by the purchase price paid to the QCDE for the qualified equity investment. The credit may be claimed against the income and corporate franchise tax or the insurance premiums tax, but not both. Subd. 3. Application. Requires a CDFE to apply to the commissioner of DEED and specifies the components of the application, which include a \$5,000 nonrefundable application fee to offset costs of expenses incurred to administer the credit. Requires the commissioner of DEED to set a date to accept applications not less than 30 days and not more than 45 days after the CDFI fund announces allocation awards. A QCDE may apply for both a greater Minnesota and metropolitan allocation. Subd. 4. Certification of qualified equity investments. Requires the commissioner of DEED to grant or deny an application in full or in part within 30 days of receipt. If the application is denied in part, the Commissioner must provide the grounds for denial and allow 15 days to correct the application. If the application is complete, the commissioner of DEED must certify in writing the proposed equity</p> |

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| | | <p>investment as a qualified equity investment eligible for the credit. The QCDE must notify the commissioner of DEED of the taxpayers allocated credits and the credit amounts and utilization schedule. For allocations received on the same day, the commissioner of DEED must certify applications for the greater Minnesota and metropolitan allocations in proportion to the amount of qualified equity investments requested for each allocation and the total amount of qualified equity investments in all applications. Allows the transfer of certified quality equity investment authority to a controlling entity under specified circumstances. Requires the QCDE to provide evidence of receipt of the cash investment and the designation of 50 percent of the qualified equity investment under the requirements of the federal new markets tax credit, if the QCDE is not a Minnesota QCDE. Requires the commissioner of DEED to notify the commissioner of revenue of credits approved.</p> <p>Subd. 5. Credit recapture. Provides the circumstances under which credits are recaptured:</p> <ul style="list-style-type: none"> ▪ the federal credit allowed for a qualified equity investment is recaptured; ▪ the QCDE redeems or makes principal repayment with respect to a QCDE prior to seven years of the date of investment; or ▪ the QCDE fails to invest at least 100 percent of the cash purchase price of the qualified equity investment in qualified low-income community investments in greater Minnesota or metropolitan counties within 12 months of the issuance of the qualified equity investment and maintains the investment in a qualified low-income community in greater Minnesota or metropolitan counties, as applicable, until the last credit allowance date for the qualified equity investment. <p>The commissioner of DEED must notify the QCDE of proposed recapture of credits, including the reasons for the proposed recapture, and must allow 90 days for the QCDE to cure the deficiency resulting in the proposed recapture. If, after 90 days, the deficiency has not been cured, the commissioner must issue a final order of recapture. Recaptured credits must be returned to the commissioner and awarded pro rata to applicants that have received qualified equity investment authority.</p> <p>Subd. 6. Examination and rulemaking. Authorizes the commissioner of DEED to conduct examinations to verify the credits have been applied for and received under the requirements of this section. Authorizes the commissioner of DEED to issue individual QCDE and investor-specific advisory letters and requires the commissioner to rely on guidance provided for the federal new markets tax credit.</p> <p>Subd. 7. Annual reporting by community development entities. Requires each QCDE to annually submit a report to the commissioner of</p> |

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| | | <p>DEED, which must include information about low-income community investments made and low-income community businesses funded, certification that no credits have been subject to recapture, and any changes regarded taxpayers eligible to claim credits with respect to qualified equity investments issued by the QCDE since its last report.</p> <p>Subd. 8. Program report. Requires the commissioner of DEED to provide a report on the credit if the credit has not been reviewed by the tax expenditure review commission.</p> <p>Subd. 9. Account created; appropriation. Establishes the new markets tax credit account in the state treasury. Appropriates application fees required in an earlier section to the commissioner of DEED for expenses associated with administering the credit.</p> <p>Effective beginning in tax year 2023.</p> |
| 6 | <p>Pass-through entity tax.</p> <p>Allows a pass-through entity (PTE) to allocate 100 percent of a resident partner’s income for purposes of calculating the PTE tax and allows tiered PTEs, including any PTE having a trust as an owner, to elect to file and pay the tax, but would not include the income of an S corporation in the calculation of the PTE tax. Also makes clarifying changes related to the treatment of disregarded entities.</p> <p>Effective retroactively for tax years beginning in 2021.</p> | <p>Section 4. Same.</p> |
| | <p>No comparable provision.</p> | <p>Section 5. Return required (estate tax).</p> <p>Strikes obsolete language regarding the phased-in estate tax exclusion for purposes of the filing requirement for estate tax returns. Allows a return to include an election to allow a decedent’s surviving spouse to take into account the deceased spouse’s unused exclusion amount (DSUE).</p> <p>Effective for estates of decedents dying after June 30, 2022.</p> |
| 7 | <p>Reporting and payment requirements for partnerships and tiered partners.</p> <p>Requires a PTE that filed a PTE tax return to file an amended return due to a federal partnership level audit.</p> <p>Effective retroactively for tax years beginning in 2021.</p> | <p>Section 6. Same.</p> |
| 8 | <p>Dependent flexible spending accounts.</p> <p>Requires an individual income tax addition for dependent flexible spending account contributions, for taxpayers who claimed the dependent care credit.</p> <p>Effective for tax year 2022 and later.</p> | <p>No comparable provision.</p> |

Comparison Summary of H.F. 3669 – House (H3669-3) / Senate (H3669, 2UE)

| Section | HOUSE Article 2: Individual Income and Corporate Franchise Taxes | SENATE Article 2: Income, Corporate Franchise, and Estate Taxes |
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| | <p>No comparable provision.</p> | <p>Section 7. Education expenses.</p> <p>Increases the amounts for the K-12 subtraction from \$1,625 for each qualifying child in grades 1-6 to \$3,250, and from \$2,500 to \$5,000 for each qualifying child in grades 7-12. Requires the subtraction amounts to be adjusted annually for inflation.</p> <p>Effective beginning in tax year 2022.</p> |
| 9 | <p>Military service pension; retirement pay.</p> <p>Expands the military retirement subtraction to a portion of the pension income received through a federal civilian pension, if calculation of the pension includes a credit for military service.</p> <p>Effective retroactively for tax year 2021 and later.</p> | |
| 10 | <p>Social security benefits.</p> <p>Allows taxpayers with adjusted gross incomes up to \$75,000 (married joint) or \$58,600 to subtract 100 percent of taxable Social Security income included in adjusted gross income (AGI). The subtraction would be reduced by ten percent for each \$4,000 of AGI above the phaseout threshold.</p> <p>Taxpayers could alternately elect to claim an “alternate subtraction” equal to the subtraction allowed under current law.</p> <p>Effective for tax year 2022 and later.</p> | <p>Section 8. Social security benefits.</p> <p>Allows a full subtraction of taxable Social Security benefits.</p> <p>Effective for tax year 2022 and later.</p> |
| | <p>No comparable provision.</p> | <p>Section 9. Pension income; public safety officers and firefighters.</p> <p>Provides a subtraction for pension income received by an individual from the state fire and police pension plan, local and state correctional service pension plans, or state patrol pension plan, and any similar benefit or annuity from a federal pension plan, if the individual has not reached age 55 before December 31, 2022, and has attained at least 20 years of service as a public official or employee and a member of a plan listed above. The subtraction would also supply to payments received by the surviving spouse of a qualifying individual.</p> <p>Effective beginning in tax year 2023.</p> |
| 11 | <p>Emergency assistance for postsecondary student grants.</p> <p>The emergency assistance for postsecondary students (EAPS) grants provide funding and resources to Minnesota colleges and universities with a demonstrable homeless population. This bill makes EAPS grant money that a student receives a subtraction from Minnesota taxable income.</p> <p>Effective for tax year 2022, but expires after tax year 2029.</p> | <p>No comparable provision.</p> |
| 12 | <p>Workforce incentive fund grant payments.</p> <p>Allows a subtraction for workforce incentive grants, which are proposed to be enacted in the omnibus</p> | <p>No comparable provision.</p> |

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| Section | HOUSE Article 2: Individual Income and Corporate Franchise Taxes | SENATE Article 2: Income, Corporate Franchise, and Estate Taxes |
|---------|--|--|
| | <p>health and human services (HHS) bill. The House HHS bill establishes a workforce incentive fund to provide grants for behavioral health, housing, disability, and home and community-based older adult providers.</p> <p>Effective for tax year 2022, but expires after tax year 2029.</p> | |
| | <p>No comparable provision.</p> | <p>Section 10. Exempt entities.</p> <p>Adds nuclear decommissioning reserve funds to the group of entities exempt from Minnesota income tax.</p> <p>Effective beginning in tax year 2025.</p> |
| | <p>No comparable provision.</p> | <p>Section 11. Schedules of rates for individuals, estates, and trusts.</p> <p>Reduces the first tier income tax rate from 5.35 percent to 2.8 percent. Updates the four brackets for inflation as provided under current law.</p> <p>Effective beginning in tax year 2022.</p> |
| | <p>No comparable provision.</p> | <p>Section 12. Inflation adjustment of brackets.</p> <p>Updates the statutory year for the inflation adjustment requirement under current law.</p> <p>Effective beginning in tax year 2022.</p> |
| 13 | <p>Credit for taxes paid to another state.</p> <p>Allows the sole member of a single-member LLC to claim the credit for taxes paid to other states when the LLC has paid a tax in another state on net income.</p> <p>Effective for tax years in 2022 and later.</p> | <p>No comparable provision.</p> |
| 14 | <p>Great start child care and dependent care credit.</p> <p>Subd. 1. Amount of credit. Decouples Minnesota’s dependent care credit from the federal dependent care credit. Stipulates that the state credit amount would equal the credit rate determined under subdivision 1a, multiplied by the credit percentage determined under subdivision 1b.</p> <p>For nonresidents and part-year residents, requires the credit to be allocated based on the taxpayer’s residency percentage.</p> <p>Defines the terms “qualifying individual” and “employment-related expenses” by reference to the federal dependent care credit. Defines “young child” as a qualifying individual who is 0-4 years old at the end of the taxable year.</p> <p>Subd. 1a. Eligible dependent care expenses. Allows taxpayers with one qualifying individual to claim up to \$3,000 of eligible dependent care expenses, and taxpayers with two or more qualifying individuals to claim up to \$6,000 in eligible dependent care expenses.</p> <p>Subd. 1b. Special rules for tax years 2022 to 2028. Effective for tax years 2022 to 2028 only, the amount of eligible expenses would be increased by</p> | <p>Section 13. Amount of credit (child and dependent care credit).</p> <p>Increases the income level at which the dependent care credit begins to phase out from \$52,230 to \$70,000.</p> <p>Effective beginning in tax year 2022.</p> |

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| | <p>\$3,000, \$6,000, or \$9,000 for taxpayers with one, two, or three qualifying individuals (respectively) that were ages 0-4 at the end of the taxable year.</p> <p>Subd. 1c. Credit percentage. Sets the credit percentage at 50 percent subject to an income-based phaseout beginning at \$125,000 of AGI.</p> <p>The credit point is reduced by one percentage for each \$2,000 of AGI (or fraction of \$2,000) above \$125,000, until the credit percentage equals 20 percent. The 20 percent credit rate would apply until a taxpayer’s income exceeded \$400,000. The rate would be further reduced by one percentage point for each \$2,000 of income in excess of \$400,000 of AGI, until the credit percentage reached zero percent.</p> <p>For married taxpayers filing separate returns, the \$125,000 and \$400,000 thresholds would be half the thresholds for other filers.</p> <p>Subd. 2b. Inflation adjustments. Sets the base year for the inflation adjustment at tax year 2022.</p> <p>Subd. 2c. Deemed expenses. Under current Minnesota law, certain taxpayers are deemed to have employment-related expenses eligible for the dependent care credit. For operators of a family day care, the bill sets the deemed amount for a child attending the day care at the amount the facility would normally charge for a child of a given age. For a child younger than 1, the bill sets the deemed amount to equal the maximum amount allowed for a child ages 0-4 (\$6,000 for one child).</p> <p>Subd. 2d. Taxpayers not filing a federal return. Moves language governing taxpayers who do not file a federal return from subdivision 1 to a new subdivision. The bill does not make a substantive change to this provision.</p> <p>Subd. 3. Credit to be refundable. Adds language appropriating funds to the Department of Revenue (DOR) for credit refunds.</p> <p>Subd. 4. Right to file claim. No changes.</p> <p>Subd. 5. Employment-related expenses. Adopts federal rules governing employment-related expenses, including earned income rules.</p> <p>Subd. 6. Rules for married couples filing separate returns. Limits the ability of married couples filing separate returns to claim the credit—only one spouse would be permitted to claim the credit.</p> <p>Effective for tax years 2022 and later.</p> | |
| 15 | <p>Credit allowed (working family credit for ITIN filers).</p> <p>Allows taxpayers who file using an individual taxpayer identification number (ITIN) rather than a Social Security number to claim the Minnesota working family credit.</p> <p>Effective for tax year 2022 and later.</p> | <p>No comparable provision.</p> |

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| Section | HOUSE Article 2: Individual Income and Corporate Franchise Taxes | SENATE Article 2: Income, Corporate Franchise, and Estate Taxes |
|---------|---|---|
| 16 | <p>Limitations (Minnesota education credit).</p> <p>Changes the income measure used to phase out the Minnesota education credit to AGI. Increases the phaseout thresholds to \$70,000, and requires the commissioner of revenue to annually adjust the threshold for inflation.</p> <p>Effective for tax year 2022 and later.</p> | <p>Section 14. Limitations.</p> <p>Similar. Changes the income measure used to phase out the Minnesota education credit to AGI. Increases the phaseout thresholds to \$50,000, and requires the commissioner of revenue to annually adjust the threshold for inflation.</p> <p>Also adds language to include fiscal year filers from a provision repealed in a later section.</p> <p>Effective for tax year 2022 and later.</p> |
| | <p>No comparable provision.</p> | <p>Section 15. Credit allowed (R & D credit).</p> <p>Increases the second tier of the research and development credit from four percent to 4.25 percent.</p> <p>Effective beginning in tax year 2022.</p> |
| 17 | <p>Credit or grant allowed; certified historic structure.</p> <p>Allows the credit for historic structure rehabilitation to be paid in one lump sum in the taxable year the property is placed in service. Projects that received an allocation certificate for the current five-year pro rata credit would be able to claim the lump sum credit provided the credit certificate is issued after June 30, 2022.</p> <p>Effective retroactively for allocation certificates issued after December 31, 2017, and credit certificates issued after June 30, 2022.</p> | <p>No comparable provision.</p> |
| 18 | <p>Applications; allocations.</p> <p>Makes a conforming change for allocation certificates due to the change allowing the credit in a lump sum.</p> <p>Effective retroactively for allocation certificates issued after December 31, 2017, and credit certificates issued after June 30, 2022.</p> | <p>No comparable provision.</p> |
| 19 | <p>Credit certificates; grants.</p> <p>Makes a conforming change for grant recipients of the historic structure credit due to the change allowing the credit in a lump sum.</p> <p>Effective retroactively for allocation certificates issued after December 31, 2017, and credit certificates issued after June 30, 2022.</p> | <p>Section 16. Credit certificates; grants.</p> <p>Allows a recipient of the historic structure rehabilitation credit to assign the credit in whole but not in part to an assignee. Effective for property placed in service after June 30, 2022.</p> |
| 20 | <p>Sunset.</p> <p>Moves the sunset date for the historic structure credit from after fiscal year 2022 to fiscal year 2030.</p> <p>Effective the day following final enactment.</p> | <p>Section 25. Repealer.</p> <p>Repeals the sunset date of the credit.</p> <p>Effective the day following final enactment.</p> |
| 21 | <p>Credit refundable; appropriation (student loan credit).</p> <p>Makes the Minnesota student loan credit refundable, effective for tax year 2022.</p> | <p>No comparable provision.</p> |

Comparison Summary of H.F. 3669 – House (H3669-3) / Senate (H3669, 2UE)

| Section | HOUSE Article 2: Individual Income and Corporate Franchise Taxes | SENATE Article 2: Income, Corporate Franchise, and Estate Taxes |
|---------|--|--|
| 22 | <p>Special rules for tax years 2022 to 2028 (student loan credit).</p> <p>Temporarily increases the maximum student loan credit to \$1,400.</p> <p>Effective for tax years 2022 to 2028 only.</p> | <p>No comparable provision.</p> |
| 23 | <p>Credit allowed.</p> <p>Makes a conforming change to the credit for stillbirths to reflect the changes in section 25.</p> <p>Effective retroactively for tax years beginning in 2016.</p> | <p>No comparable provision.</p> |
| 24 | <p>Definitions.</p> <p>Creates new definitions for the credit for stillbirths to modify and clarify the documentation requirements for the credit, the individuals eligible for the credit, and for the definition of stillbirths. An “eligible individual” for purposes of the credit would include an individual that did not give birth but that is listed on the certificate of stillbirth.</p> <p>Effective retroactively for tax years beginning in 2016.</p> | <p>No comparable provision.</p> |
| | <p>No comparable provision.</p> | <p>Section 17. Small business tax credits for paid family leave benefits.</p> <p>Subd. 1. Employer tax credit. Provides a credit against the income, corporate franchise, alternative minimum or corporate alternative minimum tax for certain amounts amount paid by a qualified employer for paid family leave benefits. For direct payments of paid family leave benefit payments, the credit equals 100 percent of the amounts paid, up to \$3,000 per qualified employee. For payments of premiums by a qualified employer to an insurance company for paid family leave insurance benefits, the credit equals 50 percent of the amounts paid, up to \$3,000 per qualified employee. The credit excludes any amount deducted or excluded from FTI or FAGI, as applicable.</p> <p>Subd. 2. Definitions. Defines terms relevant to the credit. In pertinent part:</p> <p>“Child” means a person under 18 years of age or 18 years or older and incapable of self-care due to a mental or physical disability; and a biological, adopted, or foster son, daughter, stepson, stepdaughter, son or daughter of a domestic partner, or son or daughter of a person to whom the employee stands in loco parentis.</p> <p>“Employee” means an employee whose wages are subject to withholding under the tax chapter.</p> <p>“Family leave” means leave for:</p> <ul style="list-style-type: none"> ▪ participating in providing care, including physical or psychological care, for a family member of the employee due to the family member's serious health condition; ▪ bonding with the employee's child during the first 12 months after the child's birth, or the |

Comparison Summary of H.F. 3669 – House (H3669-3) / Senate (H3669, 2UE)

| Section | HOUSE Article 2: Individual Income and Corporate Franchise Taxes | SENATE Article 2: Income, Corporate Franchise, and Estate Taxes |
|---------|---|---|
| | | <p>first 12 months after the placement of the child for adoption or foster care with the employee; or</p> <ul style="list-style-type: none"> ▪ addressing a qualifying exigency arising from the spouse, child, or parent of the employee’s active duty or notification of an impending call or order to active duty in the U.S. armed forces. <p>“Family member” means a child, spouse, parent, or grandparent.</p> <p>“Parent” means a biological, foster, or adoptive parent; a stepparent; a legal guardian; or other person who stood in loco parentis to the employee when the employee was a child.</p> <p>“Qualified employee” means an employee who has been employed by the qualified employer for one year or more.</p> <p>“Qualified employer” means an employer subject to the withholding requirements the income tax chapter, including a professional employer organization, that employs 50 or fewer employees in Minnesota and pays family leave benefits for one or more qualified employees.</p> <p>“Serious health condition” means an illness, injury, impairment, or physical or mental condition, including organ or tissue transplant or donation, that involves inpatient care in a hospital, hospice, or residential health care facility, continuing treatment, or continuing supervision by a health care provider as defined in an insurance policy.</p> <p>Subd. 3. Nonresidents and part-year residents. Requires the credit be allocated under provisions of current law.</p> <p>Subd. 4. Partnerships; multiple owners. Provides that the credit must be passed through to owners of pass-through entities according to the partner, member, shareholder, or owner’s share of the entity’s assets or as provided in the entity’s organizational documents.</p> <p>Subd. 5. Carryover. Allows the credit to be carried forward for up to five years.</p> <p>Effective for taxable years 2024 to 2026.</p> |
| | <p>No comparable provision.</p> | <p>Section 18. New markets tax credit.</p> <p>Allows a credit against income and corporate franchise tax equal to the amount calculated under section 3. Provides for allocation of the credit for members, shareholders, or owners of pass-through entities. The credit is nonrefundable but may be carried forward for five years. The commissioner of revenue may use any audit powers under current law to verify eligibility for the credit.</p> <p>Effective for tax years 2023 to 2030.</p> |

Comparison Summary of H.F. 3669 – House (H3669-3) / Senate (H3669, 2UE)

| Section | HOUSE Article 2: Individual Income and Corporate Franchise Taxes | SENATE Article 2: Income, Corporate Franchise, and Estate Taxes |
|---------|---|--|
| 25 | <p>Income definition (property tax refunds).</p> <p>Excludes workforce incentive grants from the income definition used by the property tax refund programs.</p> <p>Effective for refunds based on rent paid in 2022 and property taxes payable in 2023.</p> | <p>No comparable provision.</p> |
| | <p>No comparable provision.</p> | <p>Section 19. Definitions.</p> <p>Adds a reference to the public safety officer pension subtraction in section 9 for purposes of the calculation of AMT.</p> <p>Effective beginning in tax year 2023.</p> |
| | <p>No comparable provision.</p> | <p>Section 20. Subtraction (estate tax).</p> <p>Strikes obsolete language regarding the phased-in estate tax exclusion amount and the qualified small business property and farm property subtraction amount. Allows a surviving spouse an additional subtraction for purposes of calculating the surviving spouse’s taxable estate equal to the lesser of \$3 million or the DSUE amount.</p> <p>Effective for estates of decedents dying after June 30, 2022.</p> |
| | <p>No comparable provision.</p> | <p>Section 21. Tax amount (estate tax).</p> <p>Strikes obsolete language for calculating the estate tax during years the years the exclusion amount was phased in.</p> <p>Effective the day following final enactment.</p> |
| | <p>No comparable provision.</p> | <p>Section 22. Election of portability of deceased spousal unused exclusion amounts; election irrevocable; deemed elections.</p> <p>Allows the personal representative of a decedent’s estate to elect to allow the decedent’s surviving spouse to use the DSUE as calculated in a later section. The representative must affirmatively state that the decedent’s estate is electing portability. The election is irrevocable.</p> <p>Effective for estates of decedents dying after June 30, 2022.</p> |
| | <p>No comparable provision.</p> | <p>Section 23. New markets tax credit.</p> <p>Authorizes the credit against the insurance premiums tax. The credit is nonrefundable but may be carried forward for five years.</p> <p>Effective for premiums received after December 31, 2022, and before January 1, 2031.</p> |
| | <p>No comparable provision.</p> | <p>Section 24. Preceptor credit.</p> <p>Subd. 1. Credit allowed. Allows a refundable credit for an individual who qualifies as preceptor. A “preceptor” means an advance practice registered nurse, physician assistant, or mental health professional who served as a health professions student preceptor during the taxable year and did</p> |

Comparison Summary of H.F. 3669 – House (H3669-3) / Senate (H3669, 2UE)

| Section | HOUSE Article 2: Individual Income and Corporate Franchise Taxes | SENATE Article 2: Income, Corporate Franchise, and Estate Taxes |
|---------|--|--|
| | | <p>not receive compensation for their preceptor services. The credit equals \$2,500, \$3,750, or \$5,000, depending on the number of hours the individual served as a preceptor. The credit is allocable under provisions of current law for nonresidents and part-year residents.</p> <p>Subd. 2. Appropriation. Appropriates an amount sufficient to pay refunds authorized under subd. 1.</p> <p>Subd. 3. Report. Requires the commissioner of revenue, in consultation with the commissioner of health, to report to Senate and House committees with jurisdiction over taxation, higher education, and health and human services by March 1, 2026. The report must include the number of preceptors claiming the credit; the average amount of credits claimed; the geographic distribution of the location of preceptor services; and the professions of and students served by the preceptor; and the impact of the credit on the availability of preceptors in Minnesota.</p> <p>Effective for tax years 2023 to 2025.</p> |
| 26 | <p>Special provisions for allocation of certificates issued prior to effective date.</p> <p>Deems allocation certificates only allowing a pro rata credit to allow the lump sum credit, provided that the credit certificate is issued after June 30, 2022.</p> <p>Effective the day following final enactment.</p> | <p>No comparable provision.</p> |
| 27 | <p>Temporary individual income tax subtraction; unemployment insurance benefits.</p> <p>Establishes a temporary individual income tax subtraction for up to \$10,200 of unemployment compensation. For married taxpayers filing a joint return, the subtraction is limited to \$10,200 in unemployment compensation received by each spouse. The subtraction is subject to an income-based phaseout beginning at \$150,000 of AGI for married taxpayers filing a joint return, and \$75,000 of AGI for all other filers.</p> <p>The bill is effective retroactively for tax year 2021 only.</p> | <p>No comparable provision.</p> |
| 28 | <p>Income tax rebates for parents of qualifying children.</p> <p>Establishes a \$325 refundable income tax credit for taxpayers with “qualifying children” ages 16 and younger. The credit would be effective retroactively for tax year 2021 only.</p> <p>Subd. 1. Definitions. Defines “qualifying child,” and applies the definitions in chapter 290 to the credit.</p> <p>Subd. 2. Credit allowed. Allows a \$325 refundable income tax credit for each qualifying child of the taxpayer in tax year 2021. The credit is phased out at \$140,000 of adjusted gross income for married</p> | <p>No comparable provision.</p> |

Comparison Summary of H.F. 3669 – House (H3669-3) / Senate (H3669, 2UE)

| Section | HOUSE Article 2: Individual Income and Corporate Franchise Taxes | SENATE Article 2: Income, Corporate Franchise, and Estate Taxes |
|---------|--|---|
| | <p>taxpayers filing a joint return, and \$70,000 for all other filers.</p> <p>Subd. 3. Part-year residents. Allows part-year residents to claim a credit based on the percentage of their income that was Minnesota-source in tax year 2021.</p> <p>Subd. 4. Credit refundable; appropriation. Makes the credit refundable, allowing taxpayers with income tax liability less than the credit to qualify.</p> <p>Subd. 5. Distribution of credit payments; filing process for taxpayers without tax liability. Requires DOR to automatically adjust the returns of taxpayers eligible for the credit (to the extent feasible) and distribute credit payments as a check or through direct deposit.</p> <p>Requires DOR to establish a simplified filing process so that taxpayers without an income tax liability can claim the credit.</p> <p>Subd. 6. Recapture of payments forbidden. Forbids DOR from recapturing credit payments from individuals through the state revenue recapture program.</p> <p>Effective retroactively for tax year 2021 only.</p> | |
| 29 | <p>Repealer.</p> <p>Repeals the definition of household income used by the Minnesota education credit. The bill switches the credit to instead use adjusted gross income.</p> <p>Effective for tax year 2022 and later.</p> | <p>Section 25. Repealer.</p> <p>Same, for the Minnesota education credit.</p> <p>Also repeals:</p> <ul style="list-style-type: none"> ▪ The add-back for section 529 college savings plan distributions used for elementary and secondary school tuition. The TCJA allowed 529 plan distributions of up to \$10,000 annually per beneficiary for these purposes; Minnesota did not conform to this provision. The repeal of the add-back would effectively conform to the provision. Effective beginning in tax year 2022. ▪ The sunset of the historic structure rehabilitation credit. The repeal effectively retains the credit on an ongoing basis. <p>Effective the day following final enactment.</p> |

| Section | HOUSE Article 3: Sales and Use Taxes | SENATE Article 3: Sales and Use Taxes |
|---------|---|--|
| 1 | <p>Use of portion of county fair revenues.</p> <p>Allows a county fair to retain its sales tax savings from its ticket and admission exemption to make improvements to and maintain fairground facilities and buildings, regardless of the ownership of the fairgrounds.</p> <p>Effective the day following final enactment.</p> | <p>No comparable provision.</p> |
| 2 | <p>Amateur sports account.</p> <p>Creates an amateur sports account for the sales tax collected from the National Sports Center in Blaine,</p> | <p>No comparable provision.</p> |

Comparison Summary of H.F. 3669 – House (H3669-3) / Senate (H3669, 2UE)

| Section | HOUSE Article 3: Sales and Use Taxes | SENATE Article 3: Sales and Use Taxes |
|---------|--|--|
| | <p>in section 16, for use in the promotion and development of amateur sports.</p> <p>Effective July 1, 2022.</p> | |
| 3 | <p>Farm machinery.</p> <p>Includes “fencing material” in the definition of farm machinery, which allows the material to qualify for exemption.</p> <p>Effective retroactively for sales and purchases after June 30, 2021.</p> | <p>Section 4. Machinery, equipment, fencing.</p> <p>Similar. Adds fencing on agricultural property to the agricultural sales tax exemptions section. See also section 6.</p> <p>Same effective date.</p> |
| | <p>No comparable provision.</p> | <p>Section 1. Suite licenses.</p> <p>Provides that the sale of taxable food and beverages for consumption in a private suite, private skybox, or private box seat does not invalidate the sales tax exemption under existing law for the sale of a license to use a private suite, skybox, or private box seat.</p> <p>Effective for sales and purchases made after June 30, 2023.</p> |
| | <p>No comparable provision.</p> | <p>Section 2. Season ticket purchasing rights to collegiate events.</p> <p>Provides that the sale of taxable food and beverages for consumption in a preferred seating location does not invalidate the sales tax exemption under existing law for the sale of the right to purchase the privilege of admission to a college or university athletic event in a preferred viewing location.</p> <p>Effective for sales and purchases made after June 30, 2023.</p> |
| | <p>No comparable provision.</p> | <p>Section 3. Certain amenities included with privilege of admission.</p> <p>Provides that amenities included in the privilege of admission are exempt if purchased by the taxpayer who sells the privilege of admission.</p> <p>Effective for sales and purchases made after June 30, 2023.</p> |
| 4 | <p>Sales of property used in a trade or business.</p> <p>Applies the occasional sales exemption to transactions between the sole member of an LLC and the LLC.</p> <p>Effective for sales and purchases made after June 30, 2022.</p> | <p>No comparable provision.</p> |
| 5 | <p>Fiber and conduit; broadband and Internet access.</p> <p>Exempts sales of fiber and conduit purchased by an ISP or broadband provider and used primarily in the retail provision of Internet access.</p> <p>Effective retroactively for sales and purchases made after July 1, 2017.</p> | <p>No comparable provision.</p> |
| 6 | <p>Food service establishment equipment.</p> <p>Establishes a capital equipment exemption for food service equipment used in the production of prepared food and beverages. Provides definitions for “catering service,” “food service equipment,”</p> | <p>No comparable provision.</p> |

Comparison Summary of H.F. 3669 – House (H3669-3) / Senate (H3669, 2UE)

| Section | HOUSE Article 3: Sales and Use Taxes | SENATE Article 3: Sales and Use Taxes |
|---------|---|---|
| | <p>“food service establishment,” “furnishing of beverages,” “prepared food,” and “production.”</p> <p>Effective for sales and purchases made after June 30, 2022.</p> | |
| 7 | <p>County agricultural society sales at county fairs.</p> <p>Allows presales by a county fair to qualify for the sales tax exemption for tickets to and events at a county fair.</p> <p>Effective the day following final enactment.</p> | <p>No comparable provision.</p> |
| | <p>No comparable provision.</p> | <p>Section 5. Animal shelters.</p> <p>Provides a sales tax exemption for purchases made by an animal shelter and used directly in rescuing, sheltering, and finding homes for unwanted animals. “Animal shelter” means a nonprofit organization engaged in the business of rescuing, sheltering, and finding homes for unwanted animals. The exemption does not apply to:</p> <ul style="list-style-type: none"> ▪ building, construction, or reconstruction materials purchased by a contractor or subcontractor as part of a lump-sum contract; ▪ construction materials purchased by an animal shelter or contractor to be used in constructing buildings or facilities that will not be used principally by the shelter; ▪ lodging; prepared food, candy, soft drinks, and alcoholic beverages; and ▪ leasing of a motor vehicle. <p>Exempts from sales tax the sale or adoption of animals and the sale of associated animal supplies and equipment by an animal shelter.</p> <p>Exempts sales made by and events run by an animal shelter for fundraising purposes, including the sale of prepared food, candy, soft drinks at a fundraising event, subject to the following limits:</p> <ul style="list-style-type: none"> ▪ total fundraising must not exceed 24 days per year; ▪ fundraising events must be conducted on premises leased for five or fewer days; and ▪ the exemption does not apply to admission charges for events involving bingo or other gambling activities or to charges for use of amusement devices involving bingo or other gambling activities. <p>Effective for sales and purchases made after June 30, 2022.</p> |
| 8 | <p>Properties destroyed by fire.</p> <p>Extends the expiration date for the exemption for building materials, supplies, and equipment, including capital equipment used for reconstruction due to the fire in Mazeppa on March 11, 2018, from January 1, 2022, to January 1, 2024.</p> <p>Effective retroactively from March 11, 2018.</p> | <p>No comparable provision.</p> |

Comparison Summary of H.F. 3669 – House (H3669-3) / Senate (H3669, 2UE)

| Section | HOUSE Article 3: Sales and Use Taxes | SENATE Article 3: Sales and Use Taxes |
|---------|---|---|
| 9 | <p>Construction; certain local government facilities.</p> <p>Adds projects for three local governments to the public facilities exemption for local governments: the Itasca County courts and courthouses; a public safety training facility in Maple Grove; and a number of projects in Wayzata.</p> <p>Effective dates: For Itasca County, sales and purchases after April 30, 2021, and before January 1, 2025.</p> <p>For Maple Grove, sales and purchases after August 31, 2021, and before December 31, 2023.</p> <p>For Wayzata, sales and purchases after March 31, 2020, and before January 1, 2025.</p> | <p>Section 6. Construction; certain local government facilities.</p> <p>Same, for the North Metro Regional Public Safety Training Facility.</p> <p>No other comparable provisions.</p> |
| 10 | <p>Building materials; farm fencing material.</p> <p>Provides a construction exemption for farm fencing material used to build or maintain a fence that is not exempt under section 3.</p> <p>Effective retroactively for sales and purchases after June 30, 2021.</p> | <p>Section 6. Building, repair, or replacement materials; farm fencing material.</p> <p>Similar. Senate language includes “improvement, repair, or replacement” of farm fencing material not exempt under section 4.</p> <p>Same effective date.</p> |
| 11 | <p>Construction materials purchases by contractors; exemption for certain entities.</p> <p>Establishes a construction sales tax exemption for construction materials purchased for buildings and facilities used principally by the following entities: school districts; local governments; local government-owned nursing homes and hospitals; libraries; nonprofit groups; hospitals and other health care providers; and nursing home and boarding care homes. Also provides a construction exemption for materials purchased for public infrastructure projects, for schools and local governments.</p> <p>Effective retroactively for sales and purchases after June 30, 2021, and before January 1, 2023.</p> <p>Refunds for the exempt sales must be made before July 1, 2023.</p> | <p>Section 7. Construction materials purchases by contractors; exemption for certain entities.</p> <p>Senate includes the exemption for construction materials purchased for buildings and facilities used principally by school districts and for materials purchased for infrastructure projects when purchased by a contractor as part of a contract with a school district.</p> <p>Effective for sales and purchases made after June 30, 2024.</p> |
| 12 | <p>Construction materials exemption for certain projects at the Minneapolis-St. Paul International Airport.</p> <p>Provides an exemption for sales and purchases of construction materials used in the construction of various projects at the airport, provided that an exemption for these materials is not claimed under section 11.</p> <p>Effective retroactively for sales and purchases after July 1, 2021, and before January 1, 2023.</p> <p>Refunds for the exempt sales must be made before July 1, 2023.</p> | <p>No comparable provision.</p> |
| 13 | <p>Tax collected.</p> <p>Provides a conforming change for the changes in sections 11 and 12, to provide that the tax is imposed and collected on the exempt items and refunded as provided in section 14.</p> | <p>Section 8. Tax collected.</p> <p>Provides the conforming change for the exemption for purchases on behalf of school districts under section 7.</p> |

Comparison Summary of H.F. 3669 – House (H3669-3) / Senate (H3669, 2UE)

| Section | HOUSE Article 3: Sales and Use Taxes | SENATE Article 3: Sales and Use Taxes |
|---------|---|---|
| | Effective retroactively for sales and purchases made after June 30, 2021. | Effective for sales and purchases made after June 30, 2024. |
| 14 | <p>Refunds; eligible persons.</p> <p>Provides a conforming change for the changes in sections 11 through 13, to provide refunds of tax on the exempt items in section 11 to the specific exempt entity.</p> <p>Effective retroactively for sales and purchases after June 30, 2021.</p> | <p>Section 9. Refunds; eligible persons.</p> <p>Provides the conforming change for the changes in section 8 to provide refunds of tax on the exempt items in section 7 to the specific exempt entity.</p> <p>Effective for sales and purchases made after June 30, 2024.</p> |
| 15 | <p>Application.</p> <p>Provides a conforming change to the refund application provision, for the changes in section 13.</p> <p>Effective retroactively for sales after June 30, 2021.</p> | <p>Section 10. Application.</p> <p>Provides a conforming change to the refund application provision for the changes in section 8.</p> <p>Effective for sales and purchases made after June 30, 2024.</p> |
| 16 | <p>Deposit of revenues.</p> <p>Requires the sales tax collected from the National Sports Center in Blaine to be deposited in the amateur sports account established in section 2.</p> <p>Effective for sales and purchases after June 30, 2022.</p> | <p>No comparable provision.</p> |
| 17 | <p>Effective date; Minnesota State High School League.</p> <p>Extends the expiration of the MSHSL tickets and admissions exemption from July 1, 2027, to July 1, 2030.</p> <p>Effective the day following final enactment.</p> | <p>No comparable provision.</p> |
| 18 | <p>Refunds; fiber and conduit.</p> <p>Establishes administrative guidelines for the broadband and ISP fiber and conduit exemption refunds in section 5.</p> <p>Effective the day following final enactment.</p> | <p>No comparable provision.</p> |
| 19 | <p>Special exemptions; construction sales and use tax.</p> <p>Provides that the limitation for the exemptions and refunds in section 11 does not apply to a “special exemption,” which is defined as one of the following exemptions separately provided for in this article:</p> <ul style="list-style-type: none"> ▪ the exemptions for the following schools: Duluth, Ely, Hibbing, Rock Ridge, Chisholm, Nashwauk-Keewatin, Northland Learning Center, and Northern Lights Academy; and ▪ the exemptions for the following governmental entities: Itasca County, Maple Grove, Wayzata, and MSP airport. <p>Effective the day following final enactment</p> | <p>No comparable provision.</p> |
| 20 | <p>Chisholm Public Schools; sales tax exemption for construction materials.</p> <p>Provides a construction sales tax exemption for materials used in three school projects for Chisholm Public Schools.</p> | <p>No comparable provision.</p> |

Comparison Summary of H.F. 3669 – House (H3669-3) / Senate (H3669, 2UE)

| Section | HOUSE Article 3: Sales and Use Taxes | SENATE Article 3: Sales and Use Taxes |
|---------|---|--|
| | <p>Effective for sales and purchases after December 31, 2021, and before January 1, 2025.</p> <p>Refunds may not be issued until after June 30, 2022.</p> | |
| 21 | <p>Duluth Public Schools; sales tax exemption for construction materials.</p> <p>Provides a construction sales tax exemption for materials used in an administrative building and transportation facility project for Duluth Public Schools.</p> <p>Effective for sales and purchases after June 30, 2021, and before January 1, 2025.</p> <p>Refunds may not be issued until after June 30, 2022.</p> | No comparable provision. |
| 22 | <p>Nashwauk-Keewatin Public Schools; sales tax exemption for construction materials.</p> <p>Provides a construction sales tax exemption for materials used in a school replacement project for Nashwauk-Keewatin Public Schools.</p> <p>Effective for sales and purchases after December 31, 2021, and before January 1, 2025.</p> <p>Refunds may not be issued until after June 30, 2022.</p> | No comparable provision. |
| 23 | <p>Ely Public Schools; sales tax exemption for construction materials.</p> <p>Provides a construction sales tax exemption for materials used in a school project for Ely Public Schools.</p> <p>Effective for sales and purchases after May 1, 2019, and before January 1, 2024.</p> <p>Refunds may not be issued until after June 30, 2022.</p> | No comparable provision. |
| 24 | <p>Hibbing Public Schools; sales tax exemption for construction materials.</p> <p>Provides a construction sales tax exemption for materials used in an early childhood family education center and athletic facility project for Hibbing Public Schools.</p> <p>Effective for sales and purchases after May 1, 2019, and before January 1, 2025.</p> <p>Refunds may not be issued until after June 30, 2022.</p> | No comparable provision. |
| 25 | <p>Rock Ridge Public Schools; sales tax exemption for construction materials.</p> <p>Provides a construction sales tax exemption for three school projects for Rock Ridge Public Schools.</p> <p>Effective for sales and purchases after May 1, 2019, and before January 1, 2024.</p> <p>Refunds may not be issued until after June 30, 2022.</p> | No comparable provision. |
| 26 | <p>Northland Learning Center; sales tax exemption for construction materials.</p> <p>Provides a construction sales tax exemption for a learning center project for Northland Learning Center.</p> | No comparable provision. |

Comparison Summary of H.F. 3669 – House (H3669-3) / Senate (H3669, 2UE)

| Section | HOUSE Article 3: Sales and Use Taxes | SENATE Article 3: Sales and Use Taxes |
|---------|---|--|
| | <p>Effective for sales and purchases after December 31, 2021, and before January 1, 2025.</p> <p>Refunds may not be issued until after June 30, 2022.</p> | |
| 27 | <p>Northern Lights Academy; sales tax exemption for construction materials.</p> <p>Provides a construction sales tax exemption for a building project for Northern Lights Academy.</p> <p>Effective for sales and purchases after December 31, 2021, and before January 1, 2025.</p> <p>Refunds may not be issued until after June 30, 2022.</p> | <p>No comparable provision.</p> |
| 28 | <p>No comparable provision.</p> | <p>Section 7. Sales and use tax exemption; certain natural gas fees.</p> <p>Provides a sales tax exemption for fees related natural gas used as a primary source of residential heating during the period February 13 to February 17, 2021, but applied to customers’ billing statements in the non-exempt months of May to October. The fee must be separately stated on a billing statement and labeled as a fee subject to a cost recovery plan for increased natural gas prices during the period February 13 – 17, 2021. The exemption is retroactive to fees applied to customers’ bills beginning September 1, 2021, through June 30, 2022. Utilities would apply for a refund of sales taxes remitted during that period and then credit customers for sales taxes paid. The exemption would be upfront for the period July 1, 2022, through December 31, 2026.</p> |

| Section | HOUSE Article 4: Property Taxes | SENATE Article 4: Property Taxes |
|---------|--|--|
| 1 | <p>Intermediate districts and other cooperative units.</p> <p>Expands the types of education cooperative units that may allocate long-term facilities maintenance costs back to their member districts to include joint powers districts.</p> <p>Effective date: This section is effective for revenue in fiscal year 2024 and later.</p> | <p>No comparable provision.</p> |
| 2 | <p>Local optional revenue.</p> <p>Sets the first tier local optional revenue equalization factor to 170 percent of the statewide average tax base per pupil.</p> <p>Effective date: This section is effective for revenue for fiscal year 2024 and later.</p> | <p>No comparable provision.</p> |
| 3 | <p>To lease building or land.</p> <p>Authorizes a joint powers district to include facility lease expenses in its member district lease levy authority in the same manner as intermediate school districts and other cooperative districts, according to the plan adopted by the joint powers district or cooperative unit.</p> | <p>No comparable provision.</p> |

Comparison Summary of H.F. 3669 – House (H3669-3) / Senate (H3669, 2UE)

| Section | HOUSE Article 4: Property Taxes | SENATE Article 4: Property Taxes |
|---------|---|--|
| | Effective date: This section is effective for revenue in fiscal year 2024 and later. | |
| 4 | <p>Exempt property used by private entity for profit.</p> <p>Provides for eight years a 50 percent reduction in net tax capacity for certain property at airports owned or operated by a city with a population over 50,000 but less than 150,000.</p> <p>Effective date: This section is effective beginning with property taxes payable in 2023.</p> | Section 1. Similar. Senate proposes a twelve-year reduction. |
| 5 | <p>Solar energy generating systems.</p> <p>Requires real property to be classified as class 3a (commercial) if the property contains more than one solar energy generating system that cannot be combined with another system for the purposes of the solar energy production tax.</p> <p>Effective date: This section is effective beginning with property taxes payable in 2023.</p> | No comparable provision. |
| 6 | <p>Certain property owned by an Indian Tribe.</p> <p>Extends for eight years a property tax exemption for a property in Minneapolis owned by the Minnesota Chippewa Tribe, and exempts the property from filing statements of exemption.</p> <p>Effective date: This section is effective for taxes payable in 2022.</p> | Section 2. Similar. Senate authorizes a ten-year extension. |
| 7 | <p>Elderly living facility.</p> <p>Establishes an eight-year property tax exemption for an elderly living facility in Duluth.</p> <p>Effective date: This section is effective beginning with assessment year 2023.</p> | No comparable provision. |
| 8 | <p>Energy storage systems.</p> <p>Provides a property tax exemption for energy storage systems. Land on which the systems are located would remain taxable and would be classified as 3a commercial.</p> <p>Effective date: This section is effective beginning with assessment year 2022.</p> | Section 3. Similar. Senate requires land on which the system is located to be taxed according to its use and provides for an assessment year 2023 effective date. |
| 9 | <p>Statement of exemption.</p> <p>Requires property owners to apply to the commissioner of revenue when seeking an exemption for an energy storage system.</p> <p>Effective date: This section is effective beginning with assessment year 2023.</p> | Section 4. Same. |
| 10 | <p>Definitions. (solar energy production tax)</p> <p>Provides an exemption from the solar energy production tax for aggregated community solar gardens in excess of one megawatt with an application for an interconnection agreement submitted on or after September 25, 2015.</p> <p>Effective date: This section is effective for reports filed beginning in 2023.</p> | No comparable provision. |

Comparison Summary of H.F. 3669 – House (H3669-3) / Senate (H3669, 2UE)

| Section | HOUSE Article 4: Property Taxes | SENATE Article 4: Property Taxes |
|---------|---|--|
| | No comparable provision. | Section 5. Market value definitions. Conforming change that adds the affordable housing market value exclusion established in Section 9 to the statutory list of market value exclusions. Effective beginning with assessment year 2023. |
| 11 | Community land trusts. States that community land trust units that are owned and used as a homestead by the occupant can qualify for the 4d property tax classification. Effective date: This section is effective beginning with property taxes payable in 2023. | No comparable provision. |
| | No comparable provision. | Section 6. First tier valuation limit agricultural homestead property. Sets the first-tier valuation limit for agricultural homestead property at \$2,500,000 for assessment year 2023. Beginning with assessment year 2024, the limit will be annually adjusted by the commissioner of revenue pursuant to current law. Effective beginning with assessment year 2023. |
| 12 | Manufactured home park cooperative. Conforming change related to the manufactured home park classification changes in section 21. Effective date: This section is effective beginning with property taxes payable in 2024. | No comparable provision. |
| 13 | Leasehold cooperatives. (ITIN) Allows property owners to qualify for homestead classification by providing an individual taxpayer identification number (ITIN). Effective date: Effective retroactively for homestead applications filed in 2022 and thereafter. | No comparable provision. |
| 14 | Homestead application. (ITIN) Conforming change related to the ITIN provision in section 13. | No comparable provision. |
| 15 | Occupant list. (ITIN) Conforming change related to the ITIN provision in section 13. | No comparable provision. |
| 16 | Property lists. (ITIN) Conforming change related to the ITIN provision in section 13. | No comparable provision. |
| 17 | Homestead data. (ITIN) Conforming change related to the ITIN provision in section 13. | No comparable provision. |
| 18 | Agricultural homesteads; special provision. (ITIN) Conforming change related to the ITIN provision in section 13. This section also adds grandparent, stepparent, uncle, aunt, nephew, and niece to the list of relatives who can be actively farming an agricultural property in order for the owner of that | No comparable provision. |

Comparison Summary of H.F. 3669 – House (H3669-3) / Senate (H3669, 2UE)

| Section | HOUSE Article 4: Property Taxes | SENATE Article 4: Property Taxes |
|---------|--|---|
| | <p>property to qualify for special agricultural homestead.</p> <p>Effective date: Effective retroactively for homestead applications filed in 2022 and thereafter.</p> | |
| 19 | <p>Private or nonpublic data. (ITIN)</p> <p>Conforming change related to the ITIN provision in section 13.</p> | <p>No comparable provision.</p> |
| | <p>No comparable provision.</p> | <p>Section 7. Class 4d; approval.</p> <p>Requires a property owner receive approval by the governing body of the city or town where the property is located before applying to the Housing Finance Agency for initial class 4d designation, for property that was not, in whole or in part, classified as class 4d prior to assessment year 2023. A property owner that received approval under this section, and the required certification from the Housing Finance Agency, is not required to seek approval prior to applying in each subsequent year.</p> <p>Effective beginning with assessment year 2023.</p> |
| | <p>No comparable provision.</p> | <p>Section 8. Class 4d; application.</p> <p>Adds the approval requirement from Section 7 to the application submitted to the Housing Finance Agency for class 4d certification.</p> <p>Effective beginning with assessment year 2023.</p> |
| | <p>No comparable provision.</p> | <p>Section 9. Affordable housing market value exclusion program; establishment.</p> <p>Establishes an affordable housing market value exclusion to promote the development of new rental properties. Eligible properties receive a 50% market value exclusion. An eligible property is a property that is: (1) classified as class 4a (4+ units); (2) is not classified in whole or in part as class 4d; (3) construction of the property began on or after January 1, 2023; (4) at least 20% of the units are available for residents whose household income at time of initial occupancy does not exceed 60% of area median income, and at least 80% of the available units are occupied by residents meeting the income requirement; and (5) any unoccupied available units are actively marketed toward persons meeting the income requirements.</p> <p>A city council, town board, or county board acting on behalf of an unorganized territory, must adopt a resolution to participate in the exclusion program, and must further adopt a separate resolution for each property approved to receive the exclusion. The property-specific resolution must be approved by the county board for the exclusion to take effect. The governing body determines the duration of the exclusion for each property provided the exclusion shall apply for at least ten but not more than twenty assessment years. The exclusion program expires on</p> |

Comparison Summary of H.F. 3669 – House (H3669-3) / Senate (H3669, 2UE)

| Section | HOUSE Article 4: Property Taxes | SENATE Article 4: Property Taxes |
|---------|---|--|
| | | <p>December 31, 2030, and any property not approved by that date will not receive the exclusion.</p> <p>Effective beginning with assessment year 2023.</p> |
| | <p>No comparable provision.</p> | <p>Section 10. Class 1c.</p> <p>Modifies classification tier rates for class 1c “Ma & Pa” homestead resort property by providing that the first \$850,000 of market value is Tier 1; the market value from \$850,001 to \$3,100,000 is Tier II; and any value over \$3,100,000 is Tier III and remains subject to the state general levy.</p> <p>Effective beginning with taxes payable in 2023 and thereafter.</p> |
| 20 | <p>Class 2.</p> <p>Adds industrial hemp to the definition of agricultural products, allowing property to qualify for the agricultural classification if it is used to produce industrial hemp.</p> <p>Effective date: This section is effective beginning with assessment year 2023.</p> | <p>No comparable provision.</p> |
| 21 | <p>Class 4.</p> <p>Creates one classification for manufactured home parks and sets the classification rate for this classification at 0.75 percent.</p> <p>This section also sets the classification rate at 0.75 percent for any community land trust unit that is owned and used as a homestead by the occupant.</p> <p>Effective date: The manufactured home park provision is effective for property taxes payable in 2024 and thereafter. The community land trust provision is effective for property taxes payable in 2023 and thereafter.</p> | <p>Section 11. Different</p> <p>Sets the class rate for class 4d low-income rental properties at 0.25%.</p> <p>Effective beginning with assessment year 2023.</p> |
| 22 | <p>Homestead of a veteran with a disability or family caregiver.</p> <p>Changes the disabled veterans’ exclusion application window for spouses of veterans who died due to a service-connected cause and spouses of veterans who would have been eligible for the 100 percent T&P exclusion. This section allows applications within two years of the service member’s death, within two years of the spouse receiving a Dependency and Indemnity Compensation determination, or by December 31, 2023, whichever is later. Any surviving spouse whose application under this provision was previously denied may reapply. This section also allows surviving spouses to reapply for the exclusion if the exclusion they had been receiving expired and moves the date by which county veterans service officers must certify information to the assessor.</p> <p>Effective date: This section is effective for assessment year 2022 and thereafter.</p> | <p>Section 12. Similar.</p> <p>Senate does not include the date change relating to certification by the county veterans service officer to the county assessor.</p> |

Comparison Summary of H.F. 3669 – House (H3669-3) / Senate (H3669, 2UE)

| Section | HOUSE Article 4: Property Taxes | SENATE Article 4: Property Taxes |
|---------|---|---|
| 23 | <p>Homestead market value exclusion.</p> <p>Increases value thresholds and the maximum exclusion amount for the homestead market value exclusion. The maximum home value eligible for the 40 percent exclusion is increased to \$80,300 and the home value at which the exclusion is fully phased out is increased to \$437,100.</p> <p>Effective date: This section is effective for assessment year 2023 and thereafter.</p> | <p>Section 13. Similar.</p> <p>Increases, by approximately twenty five percent, the minimum and maximum market value thresholds for the homestead market value exclusion. Under the proposal, the exclusion equals 40% of the first \$95,000 of market value. For homesteads valued between \$95,000 and \$517,200, the exclusion equals \$38,000 minus 9% of the value over \$95,000. Homesteads valued at \$517,200 or more would not receive the exclusion.</p> <p>Effective for assessment year 2023 and thereafter.</p> |
| | <p>No comparable provision.</p> | <p>Section 14. Affordable housing market value exclusion.</p> <p>Authorizes eligible properties to receive the affordable housing market value exclusion established in Section 9. The exclusion shall be calculated after all other exclusions or adjustments for which the property may otherwise qualify.</p> <p>Effective beginning with assessment year 2023.</p> |
| 24 | <p>Class 1b homestead declaration 2009 and thereafter. (ITIN)</p> <p>Conforming change related to the ITIN provision in section 13.</p> | <p>No comparable provision.</p> |
| 25 | <p>Credit amount.</p> <p>Increases the school building bond agricultural credit to 85 percent beginning with property taxes payable in 2024.</p> <p>Effective date: This section is effective beginning with property taxes payable in 2024.</p> | <p>No comparable provision.</p> |
| 26 | <p>Amount of tax; distribution.</p> <p>Specifies that “attachments and appurtenances” to distribution line property owned by utility cooperatives include metering equipment, streetlights, and any other infrastructure that is physically or electrically connected to the cooperative association’s distribution system.</p> <p>Effective date: This section is effective beginning with assessment year 2023.</p> | <p>Section 15. Similar.</p> <p>Defines “attachments and appurtenances” as including, but not limited to, all cooperative association-owned metering and streetlighting equipment that is physically or electrically connected to the cooperative association’s distribution system.</p> <p>Effective beginning with assessment year 2023.</p> |
| | <p>No comparable provision.</p> | <p>Section 16. State general levy; levy amount.</p> <p>Reduces the state general levy for both commercial-industrial property and seasonal recreational property by a combined \$23 million for taxes payable in 2023 through 2025. Beginning with taxes payable in 2026, both levies are reduced by ten percent each year until the levy for both commercial-industrial and seasonal recreational property is zero for taxes payable in 2035.</p> <p>Effective for taxes payable in 2023 and thereafter.</p> |

Comparison Summary of H.F. 3669 – House (H3669-3) / Senate (H3669, 2UE)

| Section | HOUSE Article 4: Property Taxes | SENATE Article 4: Property Taxes |
|---------|---|---|
| | No comparable provision. | <p>Section 17. Contents of tax statements.</p> <p>Adds the affordable housing market value exclusion and the agricultural riparian buffer credit to the property tax statement.</p> <p>Effective beginning with assessment year 2023.</p> |
| 27 | <p>Rate.</p> <p>Removes the ten percent minimum on interest rates for delinquent property taxes and allows counties to establish interest rates lower than the prime rate charged by banks when determining the rates applied to delinquent property taxes.</p> <p>Effective date: This section is effective for property taxes, penalties, and costs determined to be delinquent on or after January 1, 2023.</p> | Section 18. Same. |
| 28 | <p>Interest rate.</p> <p>Removes the ten percent minimum on interest rates for the unpaid balance on any contract to repurchase tax-forfeited property. This section also allows counties to establish interest rates lower than the prime rate charged by banks when determining the rates applied to contracts to repurchase tax-forfeited property.</p> <p>Effective date: This section is effective January 1, 2023.</p> | Section 19. Same. |
| | Article 10, section 9. Same. | <p>Section 20. Additional refund.</p> <p>Reduces, from 12 to 10 percent, the threshold to qualify for the additional or “targeting” property tax refund, and increases, from \$1,000 to \$2,000, the maximum refund allowed.</p> <p>Effective for refund claims based on taxes payable in 2023 and thereafter.</p> |
| 29 | <p>Homestead.</p> <p>Ensures that taxpayers are eligible for property tax refunds if they reside in community land trust property receiving the 4d(2) classification under section 21.</p> <p>Effective date: This section is effective for refund claims based on taxes payable in 2023 and thereafter.</p> | No comparable provision. |
| 30 | <p>Program qualifications.</p> <p>Increases from \$60,000 to \$96,000 the household income limit for the senior citizens’ property tax deferral and reduces from 15 to five the minimum number of years the homeowner must own and occupy the property in order to qualify.</p> <p>Effective date: This section is effective for applications for deferral of taxes payable in 2023 and thereafter.</p> | <p>Section 21. Similar.</p> <p>Senate increases, from \$60,000 to \$75,000, the household income limit.</p> |

Comparison Summary of H.F. 3669 – House (H3669-3) / Senate (H3669, 2UE)

| Section | HOUSE Article 4: Property Taxes | SENATE Article 4: Property Taxes |
|---------|--|---|
| 31 | <p>Excess-income certification by taxpayer. Conforming change related to the senior citizens' property tax deferral changes in section 30.</p> | <p>Section 22. Similar. Senate increases, from \$60,000 to \$75,000, the household income limit.</p> |
| 32 | <p>Resumption of eligibility certification by taxpayer. Conforming change related to the senior citizens' property tax deferral changes in section 30.</p> | <p>Section 23. Similar. Senate increases, from \$60,000 to \$75,000, the household income limit.</p> |
| 33 | <p>Determination by commissioner. Conforming change related to the senior citizens' property tax deferral changes in section 30.</p> | <p>Section 24. Similar. Senate increases, from \$60,000 to \$75,000, the household income limit.</p> |
| 34 | <p>Article 10, section 28. Similar. House provision is effective upon local approval.</p> | <p>Section 25. City of Virginia; Net Debt Limit Exemption. Exempts bonds issued to finance the construction of, or to repay a loan for, a public safety building from counting towards the debt limit of the city of Virginia. Effective the day following final enactment.</p> |
| 35 | <p>Child protection cost study. Requests the legislative auditor to conduct a special review of costs to counties for the provision of child protective services, which would include an overview of the amount each county paid for child protective services using property tax revenues.</p> | <p>No comparable provision.</p> |
| 36 | <p>Appropriation. Provides an appropriation to the Office of the Legislative Auditor for the purposes of conducting the review requested in the previous section.</p> | <p>No comparable provision.</p> |
| 37 | <p>Repealer. Repeals the definition of Class I manufactured home park. This is a conforming change related to the manufactured home park classification changes in section 21. Effective date: This section is effective beginning with property taxes payable in 2024 and thereafter.</p> | <p>No comparable provision.</p> |

| Section | HOUSE Article 5: State Aids | SENATE Article 5: Property Tax Aids and Credits |
|---------|--|--|
| | <p>No comparable provision.</p> | <p>Section 1. Agricultural riparian buffer credit. Establishes a property tax credit for agricultural and rural vacant land that is required to be maintained as a riparian protection buffer, not including land enrolled in and generating payments under a state or federal conservation reserve or easement program. Provides a credit equal to the net tax capacity-based property tax attributable to the portion of the property that is required to be maintained as a buffer. Appropriates money. Effective beginning with taxes payable in 2024.</p> |

Comparison Summary of H.F. 3669 – House (H3669-3) / Senate (H3669, 2UE)

| Section | HOUSE Article 5: State Aids | SENATE Article 5: Property Tax Aids and Credits |
|---------|--|---|
| | No comparable provision. | Section 2. Payment; school districts. Adds the agricultural riparian buffer property tax credit and electric generation transition aid to the list of school district reimbursable credits and aids. Effective July 1, 2024. |
| | No comparable provision. | Section 3. Computation of net property taxes. Adds the agricultural riparian buffer property tax credit to the list of credits used in calculating net property taxes. Effective beginning with taxes payable in 2024. |
| | No comparable provision. | Section 4. Notice of proposed property taxes. Adds the agricultural riparian buffer property tax credit to the items listed separately on the proposed property tax statement. Effective beginning with taxes payable in 2024. |
| 1 | Population age 65 and over. (LGA) Defines population age 65 and over for the purposes of the city local government aid (LGA) formula. Effective date: This section is effective for aids payable in calendar year 2023 and thereafter. | No comparable provision. |
| 2 | Transformed population. (LGA) Defines transformed population for the purposes of the LGA formula. Transformed population is equal to the logarithm to the base 10 of the population and is used in the need factor formula for small cities. Effective date: This section is effective for aids payable in calendar year 2023 and thereafter. | No comparable provision. |
| 3 | City revenue need. (LGA) Changes the city revenue need calculations for all cities. Effective date: This section is effective for aids payable in calendar year 2023 and thereafter. | No comparable provision. |
| 4 | City age index. (LGA) Defines city age index for the purposes of the LGA formula. City age index is the share of a city's population aged 65 and over and is used in the need factor formula for large cities. Effective date: This section is effective for aids payable in calendar year 2023 and thereafter. | No comparable provision. |
| 5 | Commercial industrial utility percentage. (LGA) Defines commercial industrial utility percentage for the purposes of the LGA formula. Commercial industrial utility percentage is the share of a city's tax base classified as class 3 property and is used in | No comparable provision. |

Comparison Summary of H.F. 3669 – House (H3669-3) / Senate (H3669, 2UE)

| Section | HOUSE Article 5: State Aids | SENATE Article 5: Property Tax Aids and Credits |
|---------|--|--|
| | <p>the need factor formula for medium and large cities.</p> <p>Effective date: This section is effective for aids payable in calendar year 2023 and thereafter.</p> | |
| 6 | <p>Definitions. (LGA)</p> <p>References the definition for population age 65 and over in section 1 for the purposes of the county program aid formula.</p> <p>Effective date: This section is effective for aids payable in calendar year 2023 and thereafter.</p> | <p>No comparable provision.</p> |
| 7 | <p>City formula aid. (LGA)</p> <p>Removes a reference to certified aid adjustments, which are repealed in this article.</p> <p>Effective date: This section is effective for aids payable in calendar year 2023 and thereafter.</p> | <p>No comparable provision.</p> |
| 8 | <p>City aid distribution. (LGA)</p> <p>Removes a reference to certified aid adjustments, which are repealed in this article.</p> <p>Effective date: This section is effective for aids payable in calendar year 2023 and thereafter.</p> | <p>No comparable provision.</p> |
| 9 | <p>Cities. (LGA)</p> <p>Increases the LGA appropriation by \$34,219,901, from \$564,398,012 to \$598,617,913.</p> <p>Effective date: This section is effective for aids payable in calendar year 2023 and thereafter.</p> | <p>No comparable provision.</p> |
| 10 | <p>Counties.</p> <p>Increases the county program aid (CPA) appropriation by \$13,000,000, from \$261,668,444 to \$274,668,444.</p> <p>Effective date: This section is effective for aids payable in calendar year 2023 and thereafter.</p> | <p>No comparable provision.</p> |
| 11 | <p>Types of land; payments.</p> <p>Increases payments in lieu of taxes (PILT) payment amounts from \$2 per acre to \$3 per acre for other natural resources land that is administered by the county and by the Department of Natural Resources (DNR). The section also creates additional PILT payment amounts for counties with high proportions of PILT eligible lands.</p> <p>Effective date: This section is effective beginning with aids payable in 2023.</p> | <p>No comparable provision.</p> |
| 12 | <p>Determination of appraised value.</p> <p>Prevents the appraised value of acquired natural resources land from decreasing from one appraisal to the next.</p> <p>Effective date: This section is effective beginning with aids payable in 2023.</p> | <p>No comparable provision.</p> |

Comparison Summary of H.F. 3669 – House (H3669-3) / Senate (H3669, 2UE)

| Section | HOUSE Article 5: State Aids | SENATE Article 5: Property Tax Aids and Credits |
|---------|---|---|
| 13 | <p>Adjustment.</p> <p>Indexes to inflation per acre PILT payment rates.</p> <p>Effective date: This section is effective beginning with aids payable in 2023.</p> | <p>No comparable provision.</p> |
| 14 | <p>Soil and water conservation district aid.</p> <p>Establishes a new state aid program that would distribute \$22 million annually to soil and water conservation districts. Of this amount, 70 percent would be distributed equally among all districts and 30 percent would be distributed according to each district’s proportional share of nonpublic land.</p> <p>Effective date: This section is effective beginning with aids payable in 2022.</p> | <p>No comparable provision.</p> |
| | <p>No comparable provision.</p> | <p>Section 5. Electric generation transition aid.</p> <p>Provides transition aid to certain counties, cities, towns, and school districts that lose tax base when an electric generating unit is retired. Provides a formula to calculate the initial aid amount, which is phased out over a period of 20 years. Establishes additional criteria for eliminating aid before the end of the 20-year phaseout period. Makes certain prior unit retirements retroactively eligible for aid. Appropriates money.</p> <p>Effective for aids payable in 2024 and thereafter.</p> |
| 15 | <p>Local homeless prevention aid.</p> <p>Distributes to Tribal governments \$2,200,000 (11 percent) of the total annual appropriation for local homeless prevention aid. Each Tribal government would receive an equal share of this aid amount. This section also requires each county to send any unspent aid to the Continuum of Care of which the county is a part of.</p> <p>Effective date: This section is effective beginning with aids payable in 2023.</p> | <p>No comparable provision.</p> |
| 16 | <p>Mahnomen property tax reimbursement aid. (LGA)</p> <p>Codifies the Mahnomen County property tax reimbursement currently in session law.</p> <p>Effective date: This section is effective for aids payable in calendar year 2023 and thereafter.</p> | <p>No comparable provision.</p> |
| 17 | <p>Local affordable housing aid.</p> <p>Establishes a new state aid to counties and cities for the funding of qualifying affordable housing projects. This section would provide annual distributions of \$32 million to counties and \$8 million to cities.</p> <p>Effective date: This section is effective beginning with aids payable in calendar year 2023.</p> | <p>No comparable provision.</p> |
| 18 | <p>Stronger community aid.</p> <p>Replaces the current local performance measurement program with the stronger community aid program. Counties and cities</p> | <p>No comparable provision.</p> |

Comparison Summary of H.F. 3669 – House (H3669-3) / Senate (H3669, 2UE)

| Section | HOUSE Article 5: State Aids | SENATE Article 5: Property Tax Aids and Credits |
|---------|--|---|
| | <p>electing to participate in the program would select and evaluate performance measures annually.</p> <p>Effective date: This section is effective for aids payable in calendar year 2024 and thereafter.</p> | |
| 19 | <p>Mahnomen County; county, city, school district, property tax reimbursement. (LGA)</p> <p>Conforming change related to section 16, sets an expiration date for the Mahnomen County property tax reimbursement currently in session law.</p> <p>Effective date: This section is effective for aids payable in calendar year 2023 and thereafter.</p> | <p>No comparable provision.</p> |
| 20 | <p>County grants for Community Career Workforce Academies.</p> <p>Establishes a onetime appropriation of \$40 million for grants to counties to establish or support a Community Career Workforce Academy.</p> | <p>No comparable provision.</p> |
| 21 | <p>Study of state-owned lakeshore.</p> <p>Requires the commissioner of revenue, in consultation with the DNR and counties, to produce a report on valuation methods used to value acreage and shoreline areas within other natural resources land.</p> <p>Effective date: This section is effective the day following final enactment.</p> | <p>No comparable provision.</p> |
| | <p>No comparable provision.</p> | <p>Section 6. Mille Lacs County; county, city, township, school district reimbursement.</p> <p>Reimburses taxing jurisdictions in Mille Lacs County for lost property tax revenue due to placement of property into trust by the United States Department of the Interior Bureau of Indian Affairs from January 1, 2009, through June 30, 2021. Phases out the initial aid amount beginning in the sixth year. Appropriates money.</p> <p>Effective immediately.</p> |
| | <p>No comparable provision.</p> | <p>Section 7. Class 4d low-income rental property 2024 and 2025 transition aid; appropriation.</p> <p>Provides transition aid in 2024 and 2025 only for cities in which the net tax capacity of 4d property exceeds two percent of the total net tax capacity in assessment year 2022. Provides that the transition aid is calculated as a function of the city's pay 2023 tax rate and an approximation of the reduction in 4d net tax capacity attributable to the classification rate and first tier limit changes effective beginning in assessment year 2023. Appropriates money.</p> |
| | <p>No comparable provision.</p> | <p>Section 8. 2019 aid penalty forgiveness; City of Roosevelt.</p> <p>Directs the commissioner to pay the city of Roosevelt its withheld 2019 aid amount, totaling \$25,410, provided that the state auditor certifies that it received the annual financial reporting forms for</p> |

Comparison Summary of H.F. 3669 – House (H3669-3) / Senate (H3669, 2UE)

| Section | HOUSE Article 5: State Aids | SENATE Article 5: Property Tax Aids and Credits |
|---------|--|--|
| | | 2018 and 2019 from the city no later than June 1, 2022. Appropriates money. |
| | No comparable provision. | Section 9. 2021 aid penalty forgiveness; City of Bena. Directs the commissioner to pay the city of Bena the portions of the 2021 LGA and small cities assistance aid that were withheld, provided that the state auditor certifies that it received the annual financial reporting forms for 2020 from the city no later than June 1, 2022. |
| | No comparable provision. | Section 10. 2021 aid penalty forgiveness; City of Boy River. Directs the commissioner to pay the city of Boy River the portions of the 2021 LGA and small cities assistance aid that were withheld, provided that the state auditor certifies that it received the annual financial reporting forms for 2020 from the city no later than June 1, 2022. |
| 22 | Aid penalty forgiveness; city of Echo. Provides that the city of Echo will receive the portions of its 2021 local government aid and 2021 small cities assistance payment that were withheld, provided that the state auditor certifies that it received the city’s annual financial report for 2020. Effective date: This section is effective the day following final enactment. | Section 11. Same. |
| 23 | Aid penalty forgiveness; city of Morton. Provides that the city of Morton will receive the portions of its 2021 local government aid and 2021 small cities assistance payment that were withheld, provided that the state auditor certifies that it received the city’s annual financial report for 2020. Effective date: This section is effective the day following final enactment. | Section 12. Same. |
| 24 | Repealer. (LGA) Repeals definitions of need factors no longer used in the LGA formula, the definition of sparsity adjustments, which are eliminated from the LGA formula, and the definition of certified aid adjustments. The repeal of LGA items are effective for aids payable in calendar year 2023 and thereafter. This section also repeals the local performance measurement program currently in statute. The stronger community aid program is meant to replace this section of statute. This portion of the section is effective January 1, 2024. | No comparable provision. |

Comparison Summary of H.F. 3669 – House (H3669-3) / Senate (H3669, 2UE)

| Section | HOUSE Article 6: Tax Increment Financing | SENATE Article 8: Tax Increment Financing |
|---------|--|--|
| 1 | <p>Administrative expenses.</p> <p>Lists expenses which qualify as administrative costs for the purposes of TIF.</p> <p>Effective date: This section is effective the day following final enactment.</p> | <p>Section 1. Same.</p> |
| 2 | <p>Pay-as-you-go contract and note.</p> <p>Defines a pay-as-you-go contract and note for the purposes of TIF as a contract: (1) where an authority commits to using tax increment to reimburse a developer, property owner, or other note holder; and (2) where the developer, property owner, or note holder bears the risk that tax increment may be insufficient to cover reimbursement.</p> <p>Effective date: This section is effective the day following final enactment.</p> | <p>Section 2. Same.</p> |
| 3 | <p>Limitation on administrative expenses.</p> <p>For the purposes of calculating the allowable amount of administrative expenses, excludes from the calculation of total tax increment those amounts paid to the county auditor either as excess increment or as remedies for unlawfully including or keeping a property in a TIF district. Exempts from caps on administrative expenses certain expenditures on property purchased by the authority using increment.</p> <p>Effective date: This section is effective the day following final enactment.</p> | <p>Section 3. Similar.</p> <p>Senate version also excludes returned increment paid to the county auditor after decertification.</p> |
| 4 | <p>Limitation on use of tax increment; general rule.</p> <p>Adds payment of administrative expenses to the list of purposes for which tax financing district revenue can be used.</p> <p>Effective date: This section is effective the day following final enactment.</p> | <p>Section 4. Same.</p> |
| | <p>No comparable provision.</p> | <p>Section 5. Economic development districts.</p> <p>Allows increment generated from an economic development district to be spent on a multilevel commercial facility in a small city provided that the square feet of the first floor of the facility does not exceed 15,000 square feet. “First floor” is defined as the floor at street level. A “small city” is defined as any city with a population of 5,000 or less and located ten miles or more from a Minnesota city with a population of at least 10,000.</p> <p>Effective for districts for which the request for certification was made after December 31, 2021.</p> |
| 5 | <p>Expenditures outside district.</p> <p>Exempts certain amounts paid to the county auditor from counting toward the total revenue derived from the district for the purposes of percentage pooling limits. Deems other amounts paid to the county auditor (except for payments for using increment on impermissible projects or areas)</p> | <p>Section 6. Same.</p> |

Comparison Summary of H.F. 3669 – House (H3669-3) / Senate (H3669, 2UE)

| Section | HOUSE Article 6: Tax Increment Financing | SENATE Article 8: Tax Increment Financing |
|---------|--|--|
| | <p>expenditures within the district for the purposes of pooling limits.</p> <p>Effective date: This section is effective the day following final enactment and applies to districts certified after April 30, 1990, except that the changes apply to districts decertifying beginning in 2023.</p> | |
| 6 | <p>Five-year rule.</p> <p>Makes technical changes to the five-year rule and removes an obsolete exception for public infrastructure projects.</p> <p>Effective date: This section is effective the day following final enactment and applies to districts certified after April 30, 1990.</p> | Section 7. Same. |
| 7 | <p>Use of revenues for decertification.</p> <p>Provides rules for decertification of a district and for deferral of decertification for a district with an outstanding pay-as-you-go note.</p> <p>Effective date: This section is effective the day following final enactment and applies to districts certified after April 30, 1990.</p> | Section 8. Same. |
| 8 | <p>Pooling permitted for deficits.</p> <p>Corrects a formula for calculating the deficit of a district. Applies only to TIF districts for which certification was requested before August 1, 2001.</p> <p>Effective date: This section is effective the day following final enactment and applies to districts for which certification was requested prior to August 1, 1990.</p> | Section 9. Same. |
| 9 | <p>Collection of increment.</p> <p>Removes an exception for failure to decertify a district from a requirement that an authority pay to the county auditor the amount generated from a property which was unlawfully included or kept in a TIF district.</p> <p>Effective date: This section is effective the day following final enactment.</p> | Section 10. Same. |
| 10 | <p>Suspension of distribution of tax increment.</p> <p>Makes a clarifying change regarding a county auditor's withholding increments from authorities that fail to comply with their annual requirements for disclosure and financial reporting.</p> <p>Effective date: This section is effective the day following final enactment.</p> | Section 11. Same. |
| 11 | <p>Expenditure of increment.</p> <p>Expands the sources of permitted purposes of TIF expenditures from Minn. Stat. § 469.176 to Minn. Stat. §§ 469.174 through 469.1794 (the portion of Minn. Stat., chapter 469 governing TIF).</p> <p>Effective date: This section is effective the day following final enactment.</p> | Section 12. Same. |

Comparison Summary of H.F. 3669 – House (H3669-3) / Senate (H3669, 2UE)

| Section | HOUSE Article 6: Tax Increment Financing | SENATE Article 8: Tax Increment Financing |
|---------|--|--|
| 12 | <p>City of Hopkins; district extension.</p> <p>Removes from existing special rules for Hopkins TIF District No. 2-11 a 20 percent cap on expenditures for housing and blight correction outside the district and increases the cap on total spending outside the district from 25 percent to 30 percent of total increment.</p> <p>Effective date: This section is effective upon local approval and compliance with filing requirements for special laws.</p> | <p>No comparable provision.</p> |
| 13 | <p>City of Savage; special rules.</p> <p>Amends special rules for TIF districts in the city of Savage which were created pursuant to 2014 special legislation by further extending the five-year rule from eight to 11 years and by extending the time period during which the districts can be enlarged to eight years after the districts’ net tax capacity was certified.</p> <p>Effective date: This section is effective upon local approval and compliance with filing requirements for special laws.</p> | <p>Section 13. Similar.</p> <p>Minor inconsequential language difference, i.e., House uses “five-year rule”, and Senate uses “five-year period.”</p> |
| | <p>No comparable provision.</p> | <p>Section 14. City of Shakopee; Tax Increment Financing District.</p> <p>Authorizes the city of Shakopee to create tax increment financing districts (until December 31, 2026) under special rules in a defined area of the city. Before establishing districts, the city must find that 70 percent of the defined area has peat or other geotechnical difficulties, landfills, dumps, quarries, gravel pits, floodway, or substantial fill is required for commercial development. The authority can create any TIF district in the defined area, other than an economic development or housing district, and if established, the five-year rule is extended to eight years, and the permitted polling percentage is increased from 20 to 80 percent. In addition, a new “soils deficiency district” can be established if 70 percent of the area has unusual terrain or soil deficiencies that require substantial filling and the estimated correction costs exceed the fair market value of the property.</p> <p>Effective upon city approval and filing requirements.</p> |
| 14 | <p>City of Fridley; tax increment financing district; special rules.</p> <p>Establishes special rules for Fridley TIF District No. 20, allowing the district to use the percentage of revenue allowed to be expended outside the district on certain housing programs. Requires Fridley to submit annual financial reports regarding these expenditures and to report to the legislature on the district in 2024 and 2026.</p> <p>Effective date: This section is effective upon local approval and compliance with filing requirements for special laws.</p> | <p>No comparable provision.</p> |

Comparison Summary of H.F. 3669 – House (H3669-3) / Senate (H3669, 2UE)

| Section | HOUSE Article 6: Tax Increment Financing | SENATE Article 8: Tax Increment Financing |
|---------|--|--|
| 15 | <p>City of Plymouth; TIF authority.</p> <p>Allows Plymouth to establish a redevelopment district under special rules, including an exemption from the requirement that increment be spent on blight correction, an extension of the five-year rule to ten years, and authorization for Plymouth to expend increment on improvements to County Road 47 outside the district without having those expenditures count against pooling limits.</p> <p>Effective date: This section is effective upon local approval and compliance with filing requirements for special laws.</p> | <p>No comparable provision.</p> |
| 16 | <p>City of Woodbury; TIF District No. 13; expenditures allowed; duration extension.</p> <p>Authorizes the city of Woodbury to expend increment generated by TIF District No. 13 on improvements to Central Park; extends the time period during which Woodbury can receive increment from the district by five years.</p> <p>Effective date: This section is effective upon local approval and compliance with filing requirements for special laws.</p> | <p>Section 15. Same.</p> |

| Section | HOUSE Article 7: Local Taxes | SENATE Article 7: Local Sales Taxes |
|---------|---|--|
| 1 | <p>Authorization; scope; local sales taxes.</p> <p>Prohibits a political subdivision from spending funds to support a referendum to impose a local sales tax but allows other expenditures.</p> <p>Effective date: day following enactment.</p> | <p>No comparable provision.</p> |
| 2 | <p>Local resolution before application for authority.</p> <p>Requires a local resolution to be adopted prior to modifying an existing tax and, along with new taxes, seeking legislative approval. Requires a political subdivision to submit an amended resolution if the local tax proposal changes after submitting the required documentation on regional significance. Requires that the resolution describes the nexus between the nonresident taxpayers and the users of the project.</p> <p>Effective date: day following enactment.</p> | <p>No comparable provision.</p> |

Comparison Summary of H.F. 3669 – House (H3669-3) / Senate (H3669, 2UE)

| Section | HOUSE Article 7: Local Taxes | SENATE Article 7: Local Sales Taxes |
|---------|---|--|
| 3 | <p>Legislative authority required before voter approval; requirements for adoption, use, termination.</p> <p>Requires legislative approval to modify a local sales tax. Requires the referendum to be held on the first Tuesday after the first Monday in November within a two-year period from the time the legislature authorizes the tax.</p> <p>Effective date: day following enactment.</p> | <p>Section 1. Legislative authority required before voter approval; requirements for adoption, use, termination.</p> <p>Modifies the general law governing voter approval of local sales taxes authorized by the legislature. The local jurisdiction may elect to not include all projects approved by the legislature on the ballot and may elect to include all authorized projects in one question or present a separate question for each project. Specifies that the ballot question must state the project or projects to be funded with the tax, the amount for each project, and the estimated length of time the tax will be in effect.</p> <p>Effective for local sales taxes authorized in the 2021 omnibus tax bill and thereafter.</p> |
| | <p>No comparable provision.</p> | <p>Section 2. Collection (local lodging taxes).</p> <p>Clarifies that a town, or a county when the county board is acting as a town board with respect to an unorganized territory, may enter into an agreement with the commissioner to collect and administer a local lodging tax.</p> <p>Effective the day following final enactment.</p> |
| 4 | <p>Rochester; authorization; extension.</p> <p>Authorizes the city of Rochester to extend its existing local sales and use tax of 0.50 percent.</p> <p>Effective date: upon local approval.</p> | <p>Section 3. Same.</p> |
| 5 | <p>Rochester; use of sales and use tax revenues; additional projects.</p> <p>Allows the city to use the tax revenues to fund the following projects:</p> <ul style="list-style-type: none"> ▪ \$50 million for street reconstruction ▪ \$40 million for flood control and water quality ▪ \$65 million for a regional community and recreation complex ▪ an unspecified amount for the above projects, if the tax has not expired and the above project costs and bonds have been paid off <p>Effective date: upon local approval.</p> | <p>Section 4. Use of sales and use tax revenues; additional projects.</p> <p>Allows the city to use the tax revenues to fund the following projects:</p> <ul style="list-style-type: none"> ▪ \$50 million for street reconstruction ▪ \$40 million for flood control and water quality ▪ \$65 million for a regional community and recreation complex; and ▪ \$50 million for the housing vitality fund. <p>Same effective date.</p> |
| 6 | <p>Rochester; bonding authority; additional projects and extension of tax.</p> <p>Allows the city to bond for any project listed in section 5 that is approved by the voters. The amount of bonds that may be issued for each project is the amount listed in section 5 plus an amount needed to cover the costs of issuing the bonds.</p> <p>Effective date: upon local approval.</p> | <p>Section 5. Bonding authority; additional projects and extension of tax.</p> <p>Allows the city to bond for any project listed in section 4 that is approved by the voters. The amount of bonds that may be issued equals \$205 million plus an amount needed to cover the costs of issuing the bonds.</p> <p>Slight difference in paragraph structure.</p> <p>Same effective date.</p> |

Comparison Summary of H.F. 3669 – House (H3669-3) / Senate (H3669, 2UE)

| Section | HOUSE Article 7: Local Taxes | SENATE Article 7: Local Sales Taxes |
|---------|---|---|
| 7 | <p>Rochester; termination of taxes.</p> <p>The tax terminates at the earlier of (1) 16.5 years after being imposed, or (2) when revenues are sufficient to pay for the approved projects and any associated bond costs.</p> <p>Effective date: upon local approval.</p> | <p>Section 6. Same.</p> |
| 8 | <p>Cook county; lodging tax.</p> <p>Strikes the county authority to impose an admissions and recreation tax but allows the county’s lodging tax to expire 30 rather than 15 years from when imposed.</p> <p>Effective date: day following final enactment.</p> | <p>Section 7. Same.</p> |
| 9 | <p>City of Marshall; sales and use tax.</p> <p>Subd. 2a. Authorization; extension. Authorizes the city of Marshall to extend a local sales and use tax of 0.50 percent.</p> <p>Subd. 3a. Use of sales and use tax revenues; aquatic center. Allows the city to use the tax revenues to fund \$16 million for construction of a new municipal aquatic center.</p> <p>Subd. 4a. Bonds; additional use and extension of tax. Allows the city to bond for any project listed in subdivision 3a that is approved by the voters. The amount of bonds that may be issued for each project is the amount listed in subdivision 3a plus an amount needed to cover the costs of issuing the bonds.</p> <p>Subd. 5. Termination of taxes. The tax terminates at the earlier of (1) 30 years after being imposed, or (2) when revenues are sufficient to pay for the approved project and any associated bond costs.</p> <p>Effective date: upon local approval.</p> | <p>Section 8. Similar.</p> <p>Subd. 4a. Bonds; additional use and extension of tax. Slight difference in paragraph structure.</p> <p>Same effective date.</p> |
| 10 | <p>City of Plymouth; local lodging tax authorized.</p> <p>Removes the expiration date for the city of Plymouth’s local lodging tax, authorized in 2019.</p> <p>Effective date: day following final enactment.</p> | <p>No comparable provision.</p> |
| 11 | <p>City of Edina; taxes authorized.</p> <p>Allows the city of Edina to increase the amount of revenue the city may collect to fund its Braemer Park project from \$21.6 million to \$46.9 million. The city received legislative authorization in 2021 to impose a local sales and use tax of 0.50 percent to fund two park projects, for Fred Richards Park (\$17.7 million) and Braemer Park (\$21.6 million). In addition, the city would be able to use any proceeds generated from the tax prior to expiration for capital improvements projects to the city’s park and recreation system. The duration of the tax is also reduced from 19 years to 17 years, or when the city council determines that sufficient revenues have been raised to pay the project and bond costs for the allowed projects.</p> <p>Effective date: upon local approval.</p> | <p>No comparable provision.</p> |

Comparison Summary of H.F. 3669 – House (H3669-3) / Senate (H3669, 2UE)

| Section | HOUSE Article 7: Local Taxes | SENATE Article 7: Local Sales Taxes |
|---------|--|--|
| 12 | <p>City of Grand Rapids; taxes authorized.</p> <p>Increases the duration of the city of Grand Rapids' 0.50 percent local sales tax (authorized by the legislature in 2021) from seven to ten years and the amount of revenue the city may collect for its civic center project from \$5.98 million to \$10.6 million.</p> <p>Effective date: upon local approval.</p> | <p>No comparable provision.</p> |
| | <p>No comparable provision.</p> | <p>Section 9. Use of sales and use tax revenue (Moorhead).</p> <p>Authorizes the city of Moorhead to collect its local sales tax for up to 30 years, increased from 22 years as authorized in the 2021 omnibus tax bill.</p> <p>Effective date: upon local approval.</p> |
| | <p>No comparable provision.</p> | <p>Section 10. City of Oakdale; taxes authorized.</p> <p>Authorizes the city of Oakdale to collect its local sales tax for up to 30 years, increased from 25 years as authorized in the 2021 omnibus tax bill.</p> <p>Effective date: upon local approval.</p> |
| | <p>No comparable provision.</p> | <p>Section 11. Use of sales and use tax revenues (Waite Park).</p> <p>Allows the city of Waite Park to apply the local sales tax authorized in the 2021 omnibus tax bill to fund up to \$15 million for the 10th Avenue regional corridor project.</p> <p>Effective date: upon local approval.</p> |
| | <p>No comparable provision.</p> | <p>Section 12. Bonding authority (Waite Park)</p> <p>Authorizes the city of Waite Park to issue bonds of up to \$43 million plus bond costs to fund the project in section 11 in addition to two projects authorized in the 2021 omnibus tax bill, subject to voter approval.</p> <p>Effective date: upon local approval.</p> |
| | <p>No comparable provision.</p> | <p>Section 13. Termination of taxes (Waite Park).</p> <p>Extends the termination date of the tax from 19 to 20 years after the tax is first imposed, or upon payment of bonds in full, including interest.</p> <p>Effective date: upon local approval.</p> |
| 13 | <p>City of Aitkin; taxes authorized.</p> <p>Subd. 1. Sales and use tax authorization. Authorizes the city of Aitkin to impose a local sales and use tax of one percent.</p> <p>Subd. 2. Use of sales tax revenues. Allows the city to use the tax revenues to fund the following projects:</p> <ul style="list-style-type: none"> ▪ \$8.3 million for construction of a new municipal building ▪ \$1 million for improvements to parks and trails <p>Subd. 3. Bonding authority. Allows the city to bond for any project listed in subdivision 2 that is</p> | <p>Section 14. Similar.</p> <p>Subd. 3. Bonding authority. Allows the city to bond for any project listed in subdivision 2 that is</p> |

Comparison Summary of H.F. 3669 – House (H3669-3) / Senate (H3669, 2UE)

| Section | HOUSE Article 7: Local Taxes | SENATE Article 7: Local Sales Taxes |
|---------|---|---|
| | <p>approved by the voters. The amount of bonds that may be issued for each project is the amount listed in subdivision 2 plus an amount needed to cover the costs of issuing the bonds.</p> <p>Subd. 4. Termination of the tax. The tax terminates at the earlier of (1) 19 years after being imposed, or (2) when revenues are sufficient to pay for the approved projects and any associated bond costs.</p> <p>Effective date: upon local approval.</p> | <p>approved by the voters. The amount of bonds that may be issued is \$9.3 million plus an amount needed to cover the costs of issuing the bonds.</p> <p>Slight difference in paragraph structure.</p> <p>Same effective date.</p> |
| 14 | <p>City of Blackduck; taxes authorized.</p> <p>Subd. 1. Sales and use tax authorization. Authorizes the city of Blackduck to impose a local sales and use tax of 0.50 percent.</p> <p>Subd. 2. Use of sales tax revenues. Allows the city to use the tax revenues to fund the following projects:</p> <ul style="list-style-type: none"> ▪ \$200,000 for improvements to a city campground ▪ \$300,000 for improvements to a walking trail ▪ \$250,000 for improvements to a wayside rest ▪ \$150,000 for golf course irrigation equipment ▪ \$100,000 for reconstruction of a library <p>Subd. 3. Bonding authority. Allows the city to bond for any project listed in subdivision 2 that is approved by the voters. The amount of bonds that may be issued for each project is the amount listed in subdivision 2 plus an amount needed to cover the costs of issuing the bonds.</p> <p>Subd. 4. Termination of the tax. The tax terminates at the earlier of (1) 20 years after being imposed, or (2) when revenues are sufficient to pay for the approved projects and any associated bond costs.</p> <p>Effective date: upon local approval.</p> | <p>Section 15. Similar.</p> <p>Subd. 3. Bonding authority. Allows the city to bond for any project listed in subdivision 2 that is approved by the voters. The amount of bonds that may be issued is \$1 million plus an amount needed to cover the costs of issuing the bonds.</p> <p>Slight difference in paragraph structure.</p> <p>Same effective date.</p> |
| 15 | <p>City of Bloomington; taxes authorized.</p> <p>Subd. 1. Sales and use tax authorization. Authorizes the city of Bloomington to impose a local sales and use tax of 0.50 percent.</p> <p>Subd. 2. Use of sales tax revenues. Allows the city to use the tax revenues to fund the following projects:</p> <ul style="list-style-type: none"> ▪ \$32 million for improvements and rehabilitation of the Bloomington Ice Garden ▪ \$70 million for construction of a community health and wellness center ▪ \$33 million for an expansion to the Bloomington Center for the Arts Concert Hall <p>Approved uses of the tax revenue also include “associated infrastructure” which is defined in the bill as construction activities related to safe access and use of the property, including improvements</p> | <p>Section 16. City of Bloomington; taxes authorized.</p> <p>Subd. 2. Use of sales tax revenues. Allows the city to use the tax revenues to fund the following projects:</p> <ul style="list-style-type: none"> ▪ \$32 million for improvements and rehabilitation of the Bloomington Ice Garden ▪ \$70 million for construction of a community health and wellness center ▪ \$33 million for an expansion to the Bloomington Center for the Arts Concert Hall ▪ \$15 million plus associated bonding costs for construction of and improvements to the Dwan Golf Course and associated infrastructure. |

Comparison Summary of H.F. 3669 – House (H3669-3) / Senate (H3669, 2UE)

| Section | HOUSE Article 7: Local Taxes | SENATE Article 7: Local Sales Taxes |
|---------|---|---|
| | <p>for facilities, roads, lighting, sidewalks, parking, landscaping, or utilities.</p> <p>Subd. 3. Bonding authority. Allows the city to bond for any project listed in subdivision 2 that is approved by the voters. The amount of bonds that may be issued for each project is the amount listed in subdivision 2 plus an amount needed to cover the costs of issuing the bonds.</p> <p>Subd. 4. Termination of the tax. The tax terminates at the earlier of (1) 20 years after being imposed, or (2) when revenues are sufficient to pay for the approved projects and any associated bond costs.</p> <p>Effective date: upon local approval.</p> | <p>Subd. 3. Bonding authority. Allows the city to bond for any project listed in subdivision 2 that is approved by the voters. The amount of bonds that may be issued is \$150 million plus an amount needed to cover the costs of issuing the bonds.</p> <p>Slight difference in paragraph structure.</p> <p>Same effective date.</p> |
| 16 | <p>City of Brooklyn Center; taxes authorized.</p> <p>Subd. 1. Sales and use tax authorization. Authorizes the city of Brooklyn Center to impose a local sales and use tax of 0.50 percent.</p> <p>Subd. 2. Use of sales tax revenues. Allows the city to use the tax revenues to fund \$55 million for renovation and expansion of the Brooklyn Center Community Center.</p> <p>Subd. 3. Bonding authority. Allows the city to bond for the project listed in subdivision 2 that is approved by the voters. The amount of bonds that may be issued for the project is the amount listed in subdivision 2 plus an amount needed to cover the costs of issuing the bonds.</p> <p>Subd. 4. Termination of the tax. The tax terminates at the earlier of (1) 20 years after being imposed, or (2) when revenues are sufficient to pay for the approved project and any associated bond costs.</p> <p>Effective date: upon local approval.</p> | <p>Section 17. Similar.</p> <p>Subd. 3. Bonding authority. Slight difference in paragraph structure.</p> <p>Same effective date.</p> |
| 17 | <p>City of East Grand Forks; taxes authorized.</p> <p>Subd. 1. Sales and use tax authorization. Authorizes the city of East Grand Forks to impose a local sales and use tax of 1.25 percent.</p> <p>Subd. 2. Use of sales tax revenues. Allows the city to use the tax revenues to fund the following projects:</p> <ul style="list-style-type: none"> ▪ \$16.5 million for reconstruction, remodeling, upgrades, and additions to the Civic Center Sports Complex ▪ \$5 million for reconstruction, remodeling, upgrades, and additions to the VFW Memorial and Blue Line Arena <p>Subd. 3. Bonding authority. Allows the city to bond for any project listed in subdivision 2 that is approved by the voters. The amount of bonds that may be issued for each project is the amount listed in subdivision 2 plus an amount needed to cover the costs of issuing the bonds.</p> <p>Subd. 4. Termination of the tax. The tax terminates at the earlier of (1) 20 years after being imposed, or</p> | <p>Section 18. Similar.</p> <p>Subd. 3. Bonding authority. Allows the city to bond for any project listed in subdivision 2 that is approved by the voters. The amount of bonds that may be issued is \$21.5 million plus an amount needed to cover the costs of issuing the bonds.</p> <p>Slight difference in paragraph structure.</p> |

Comparison Summary of H.F. 3669 – House (H3669-3) / Senate (H3669, 2UE)

| Section | HOUSE Article 7: Local Taxes | SENATE Article 7: Local Sales Taxes |
|---------|---|--|
| | <p>(2) when revenues are sufficient to pay for the approved projects and any associated bond costs.</p> <p>Effective date: upon local approval.</p> | <p>Same effective date.</p> |
| 18 | <p>City of Golden Valley; taxes authorized.</p> <p>Subd. 1. Sales and use tax authorization. Authorizes the city of Golden Valley to impose a local sales and use tax of 0.50 percent.</p> <p>Subd. 2. Use of sales tax revenues. Allows the city to use the tax revenues to fund the following projects:</p> <ul style="list-style-type: none"> ▪ \$38 million for construction of a new public works facility ▪ \$35 million for construction of a new public safety facility <p>Subd. 3. Bonding authority. Allows the city to bond for any project listed in subdivision 2 that is approved by the voters. The amount of bonds that may be issued for each project is the amount listed in subdivision 2 plus an amount needed to cover the costs of issuing the bonds.</p> <p>Subd. 4. Termination of the tax. The tax terminates at the earlier of (1) 30 years after being imposed, or (2) when revenues are sufficient to pay for the approved projects and any associated bond costs, subject to the requirements that the termination occurs at the start of a calendar quarter.</p> <p>Effective date: upon local approval.</p> | <p>Section 19. Similar.</p> <p>Subd. 3. Bonding authority. Allows the city to bond for any project listed in subdivision 2 that is approved by the voters. The amount of bonds that may be issued is \$73 million plus an amount needed to cover the costs of issuing the bonds.</p> <p>Slight difference in paragraph structure.</p> <p>Same effective date.</p> |
| 19 | <p>City of Henderson; taxes authorized.</p> <p>Subd. 1. Sales and use tax authorization. Authorizes the city of Henderson to impose a local sales and use tax of 0.50 percent.</p> <p>Subd. 2. Use of sales tax revenues. Allows the city to use the tax revenues to fund \$240,000 for the Allanson’s Park Campground and Trail project.</p> <p>Subd. 3. Bonding authority. Allows the city to bond for the project listed in subdivision 2 that is approved by the voters. The amount of bonds that may be issued for the project is the amount listed in subdivision 2 plus an amount needed to cover the costs of issuing the bonds.</p> <p>Subd. 4. Termination of the tax. The tax terminates at the earlier of (1) 15 years after being imposed, or (2) when revenues are sufficient to pay for the approved project and any associated bond costs.</p> <p>Effective date: upon local approval.</p> | <p>Section 20. Similar.</p> <p>Subd. 3. Bonding authority. Slight difference in paragraph structure.</p> <p>Same effective date.</p> |
| | <p>No comparable provision.</p> | <p>Section 21. Lake of the Woods County lodging tax authorized.</p> <p>Authorizes Lake of the Woods County to impose a lodging tax of up to 3 percent, except for the city of Baudette or any other city that currently imposes a lodging tax under authority of general law. The total lodging tax in the county must not exceed 3 percent. Revenues from the tax must be used to fund a new Lake of the Woods County Event and Visitors Bureau,</p> |

Comparison Summary of H.F. 3669 – House (H3669-3) / Senate (H3669, 2UE)

| Section | HOUSE Article 7: Local Taxes | SENATE Article 7: Local Sales Taxes |
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| | | <p>which must be reviewed and approved annually by the county board of commissioners.</p> <p>Effective date: upon local approval.</p> |
| | <p>No comparable provision.</p> | <p>Section 22. City of Park Rapids; taxes authorized.</p> <p>Subd. 1. Sales and use tax authorizes. Authorizes the city of Park Rapids to impose a .5% local sales tax to fund projects listed in subd. 2.</p> <p>Subd. 2. Use of sales and use tax revenue. Allows the city to use the tax revenues to fund the following projects:</p> <ul style="list-style-type: none"> ▪ \$3.201 million plus associated bonding costs for improvements to 12th Street and Eastern Ave. from the southeast into the city; ▪ \$2.377 million plus associated bonding costs for improvements to 8th Street and Fishhook Ave. from the south into the city; ▪ \$1,309,500 plus associated bonding costs for improvements to Kaywood Drive on the north side into the city and the Walmart retail area; ▪ \$1.261 million plus associated bonding costs for improvements to Huntsinger Ave. on the east side into the city and near Park Rapids High School; and ▪ \$651,500 plus associated bonding costs for improvements to Main Ave. South into the city’s downtown business district. <p>Subd. 3. Bonding authority. Allows the city to bond for any project listed in subdivision 2 that is approved by the voters. The amount of bonds that may be issued is \$8,799,500 plus an amount needed to cover the costs of issuing the bonds.</p> <p>Subd. 4. Termination of the tax. The tax terminates at the earlier of (1) 20 years after being imposed, or (2) when revenues are sufficient to pay for the approved project and any associated bond costs.</p> <p>Effective date: upon local approval.</p> |
| 20 | <p>City of Proctor; taxes authorized.</p> <p>Subd. 1. Sales and use tax authorization. Authorizes the city of Proctor to impose a local sales and use tax of 0.50 percent.</p> <p>Subd. 2. Use of sales tax revenues. Allows the city to use the tax revenues to fund \$3.85 million for construction of a new regional trail in the city.</p> <p>Subd. 3. Bonding authority. Allows the city to bond for the project listed in subdivision 2 that is approved by the voters. The amount of bonds that may be issued for the project is the amount listed in subdivision 2 plus an amount needed to cover the costs of issuing the bonds.</p> <p>Subd. 4. Termination of the tax. The tax terminates at the earlier of (1) 20 years after being imposed, or (2) when revenues are sufficient to pay for the approved project and any associated bond costs.</p> | <p>Section 22. Similar.</p> <p>Subd. 3. Bonding authority. Senate allows the same bonding authority but includes two additional paragraphs generally included in the bonding authority provisions for local sales taxes.</p> |

Comparison Summary of H.F. 3669 – House (H3669-3) / Senate (H3669, 2UE)

| Section | HOUSE Article 7: Local Taxes | SENATE Article 7: Local Sales Taxes |
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| | Effective date: upon local approval. | Same effective date. |
| 21 | <p>Rice County; taxes authorized.</p> <p>Subd. 1. Sales and use tax authorization. Authorizes Rice County to impose a local sales and use tax of three-eighths of one percent (0.375).</p> <p>Subd. 2. Use of sales tax revenues. Allows the county to use the tax revenues to fund \$77 million for construction of a public safety facility.</p> <p>Subd. 3. Bonding authority. Allows the county to bond for the project listed in subdivision 2 that is approved by the voters. The amount of bonds that may be issued for the project is the amount listed in subdivision 2 plus an amount needed to cover the costs of issuing the bonds.</p> <p>Subd. 4. Termination of the tax. The tax terminates at the earlier of (1) 30 years after being imposed, or (2) when revenues are sufficient to pay for the approved project and any associated bond costs.</p> <p>Effective date: upon local approval.</p> | <p>Section 24. Similar.</p> <p>Subd. 3. Bonding authority. Slight difference in paragraph structure. Same effective date.</p> |
| 22 | <p>City of Roseville; taxes authorized.</p> <p>Subd. 1. Sales and use tax authorization. Authorizes the city of Roseville to impose a local sales and use tax of 0.50 percent.</p> <p>Subd. 2. Use of sales tax revenues. Allows the city to use the tax revenues to fund the following projects:</p> <ul style="list-style-type: none"> ▪ \$42 million for construction of a new maintenance facility ▪ \$7 million for construction of a new license and passport center ▪ \$16 million for construction of a pedestrian bridge <p>Subd. 3. Bonding authority. Allows the city to bond for any project listed in subdivision 2 that is approved by the voters. The amount of bonds that may be issued for each project is the amount listed in subdivision 2 plus an amount needed to cover the costs of issuing the bonds.</p> <p>Subd. 4. Termination of the tax. The tax terminates at the earlier of (1) 16 years after being imposed, or (2) when revenues are sufficient to pay for the approved projects and any associated bond costs.</p> <p>Effective date: upon local approval.</p> | <p>Section 25. Similar.</p> <p>Subd. 3. Bonding authority. Bonding authority. Allows the city to bond for any project listed in subdivision 2 that is approved by the voters. The amount of bonds that may be issued is \$65 million plus an amount needed to cover the costs of issuing the bonds.</p> <p>Slight difference in paragraph structure.</p> <p>Same effective date.</p> |
| 23 | <p>Winona County; taxes authorized.</p> <p>Subd. 1. Sales and use tax authorization. Authorizes Winona County to impose a local sales and use tax of 0.25 percent.</p> <p>Subd. 2. Use of sales tax revenues. Allows the county to use the tax revenues to fund \$28 million for new construction of or upgrades to a correctional facility.</p> <p>Subd. 3. Bonding authority. Allows the county to bond for the project listed in subdivision 2 that is</p> | <p>Section 26. Similar.</p> <p>Subd. 3. Bonding authority. Slight difference in paragraph structure.</p> |

Comparison Summary of H.F. 3669 – House (H3669-3) / Senate (H3669, 2UE)

| Section | HOUSE Article 7: Local Taxes | SENATE Article 7: Local Sales Taxes |
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| | <p>approved by the voters. The amount of bonds that may be issued for the project is the amount listed in subdivision 2 plus an amount needed to cover the costs of issuing the bonds.</p> <p>Subd. 4. Termination of the tax. The tax terminates at the earlier of (1) 25 years after being imposed, or (2) when revenues are sufficient to pay for the approved project and any associated bond costs.</p> <p>Effective date: upon local approval.</p> | <p>Same effective date.</p> |
| 24 | <p>City of Woodbury; lodging tax authorized.</p> <p>Allows the city of Woodbury to dedicate two-thirds of the revenue received under a local lodging tax for capital improvements to public recreational facilities.</p> <p>Effective date: upon local approval.</p> | <p>No comparable provision.</p> |
| | <p>No comparable provision.</p> | <p>Section 27. Pandemic-related construction costs; temporary authority for increase.</p> <p>Authorizes local jurisdictions that received approval in the 2021 omnibus tax bill to impose a local sales tax and have not held an election to approve the tax to increase the amounts authorized in the legislation by \$3 million, to account for increases in construction costs over the past year. The total increase must not exceed \$3 million, regardless of the number of projects approved by the legislature in 2021. The governing body of the local jurisdiction must adopt a resolution indicating the updated project cost allowed under this section and file the resolution with the state auditor by August 31 of the year the local jurisdiction presents the tax for voter approval. The ballot question must indicate the amount approved in the updated resolution. This section also allows an increase of up to ten percent of project costs authorized in this article, subject to adoption of an updated resolution, which must be filed with the state auditor by August 31 of the year the local jurisdiction presents the tax for voter approval. The ballot question must indicate the amount approved in the updated resolution.</p> <p>Effective the day following final enactment.</p> |

| Section | HOUSE Article 8: Renter’s Tax Credit | SENATE |
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| 1 - 22 | <p>Renter’s credit converted to income tax credit.</p> <p>Article 8 of the House bill converts the renter’s credit into a refundable income tax credit, effective for 2022 refunds (based on 2022 incomes, 2022 rents, and payable in 2023).</p> <p>The amount of the credit would be calculated in the same manner as under current law, except the bill would simplify the measure of income used to calculate the credit. Under current law, “household income,” the income measure used to calculate the credit, includes many categories of nontaxable income. Under the bill, house hold income equals</p> | <p>No comparable provision.</p> |

Comparison Summary of H.F. 3669 – House (H3669-3) / Senate (H3669, 2UE)

| Section | HOUSE Article 8: Renter’s Tax Credit | SENATE |
|---------|---|--------|
| | <p>adjusted gross income, minus exemptions allowed for taxpayers with dependents, taxpayers who are 65 or older, and taxpayers who have a disability.</p> <p>The article largely retains the administrative provisions for the renter’s credit that are codified in current law under chapter 290A, the chapter of statutes for property tax refunds. Many of these administrative provisions are duplicated in the new language for the credit, or are moved out of chapter 290A and into section 290.0693, a new section of law establishing the income tax credit.</p> | |

| Section | HOUSE Article 9: Public Finance | SENATE Article 6: Public Finance |
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| 1 | <p>Purchase of certain equipment.</p> <p>For general obligation certificates of indebtedness or capital notes issued by a school district, extends the period in which the certificates or notes must be payable from ten years to 20 years.</p> | Section 1. Same. |
| 2 | <p>Certificates of indebtedness.</p> <p>For certificates of indebtedness issued by a town, extends the period in which the certificates must be payable from ten years to 20 years.</p> | Section 2. Same. |
| 3 | <p>Capital notes.</p> <p>For capital notes issued by a county, extends the period in which the notes must be payable from ten years to 20 years.</p> | Section 3. Same. |
| 4 | <p>Equipment acquisition; capital notes.</p> <p>For capital notes issued by Hennepin County, extends the period in which the notes must be payable from ten years to 20 years.</p> | Section 4. Same. |
| 5 | <p>Cities may issue capital notes for capital equipment.</p> <p>For capital notes issued by a home rule charter city, extends the period in which the notes must be payable from ten years to 20 years.</p> | Section 5. Same. |
| 6 | <p>Financing purchase of certain equipment.</p> <p>For certificates of indebtedness or capital notes issued by a statutory city, extends the period in which the certificates or notes must be payable from ten years to 20 years.</p> | Section 6. Same. |

| Section | HOUSE Article 10: Miscellaneous | SENATE Article 9: Miscellaneous |
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| | <p>Section 35 provides tax expenditure purpose statements.</p> | <p>Section 1. Requirements for new or renewed tax expenditures.</p> <p>Eliminates the requirement that a bill creating, renewing, or continuing a tax expenditure include a purpose statement and a standard against which its effectiveness may be measured. Instead, requires</p> |

Comparison Summary of H.F. 3669 – House (H3669-3) / Senate (H3669, 2UE)

| Section | HOUSE Article 10: Miscellaneous | SENATE Article 9: Miscellaneous |
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| | | the chairs of the house and senate taxes committees to submit such information to the Tax Expenditure Review Commission (TERC) within 60 days following final enactment of such a bill. Eliminates the statutory requirement that a bill creating or continuing a tax expenditure include an expiration date for the tax expenditure. Provides that the requirement that the house and senate taxes chairs submit purpose statements to the TERC is not subject to judicial review. Effective the day following final enactment. |
| 1 | <p>Duties.</p> <p>Clarifies that the Tax Expenditure Review Commission may complete the initial review of the state’s tax expenditures prior to the end of the third year that the commission is established.</p> <p>Effective the day following final enactment.</p> | No comparable provision. |
| 2 | <p>Report to the legislature.</p> <p>Clarifies that the Tax Expenditure Review Commission’s annual reports to the legislature cover the work completed by the commission in the year that the report is submitted.</p> <p>Effective the day following final enactment.</p> | No comparable provision. |
| 3 | <p>Additional revenues; priority.</p> <p>Requires the commissioner of management and budget to reduce the percentage of June accelerated payments for mortgage and deed taxes, cigarette and tobacco taxes, and liquor excise taxes, if, based on a November forecast, the commissioner determines that there will be a positive general fund balance. In addition, the commissioner would also reduce the percentage of certain aid payments due July 20 and pay that reduced portion of those payments on March 15.</p> <p>Effective July 1, 2022.</p> | No comparable provision. |
| 4 | <p>Claimant agency.</p> <p>Removes nonprofit hospitals leasing land from a city or county from the claimant agencies that may use the revenue recapture system for repayment of debts.</p> <p>Effective the day following final enactment.</p> | No comparable provision. |
| | No comparable provision. | Section 2. Report of expiring tax expenditures. Requires the commissioner of revenue to report on October 1 of each year to the chairs and ranking minority members of the house and senate taxes committees listing each tax expenditure that expires before July 1 of the following calendar year. Effective the day following final enactment. |
| 5 | <p>Taxes; how apportioned.</p> <p>Reduces the percentage of June accelerated taxes due for the mortgage registry tax based on the commissioner’s determination in section 3.</p> | No comparable provision. |

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| Section | HOUSE Article 10: Miscellaneous | SENATE Article 9: Miscellaneous |
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| | Effective July 1, 2022. | |
| 6 | <p>Payment of receipts to state general fund; reports.</p> <p>Reduces the percentage of June accelerated taxes due for the deed tax based on the commissioner’s determination in section 3.</p> <p>Effective July 1, 2022.</p> | No comparable provision. |
| 7 | <p>Underpayments of accelerated payment of June tax receipts.</p> <p>Reduces the percentage of the June accelerated mortgage registry and deed taxes subject to the underpayment penalty provision, due to the commissioner’s determination in section 3.</p> <p>Effective July 1, 2022.</p> | No comparable provision. |
| | No comparable provision. | <p>Section 3. Miscellaneous withholding arrangements.</p> <p>Periodic and nonperiodic payments or distributions from employer deferred compensation plans, individual retirement plans, and commercial annuities are subject to Minnesota tax withholding unless the recipient opts out of withholding. This section provides that the withholding rate is 6.25 percent, or another rate specified by the recipient, rather than an amount determined under withholding tax tables as if the distribution were a payment of wages. Effective for taxable years beginning after December 31, 2021.</p> |
| 8 | <p>Homestead credit state refund.</p> <p>Increases refunds allowed under the homestead credit state refund. Increases the maximum refund by \$200 for all income ranges, reduces the threshold percentages by 0.1 percent for claimants with household incomes between \$21,410 and \$33,120, and reduces co-pay percentages by five percent for claimants with household incomes between \$33,120 and \$77,870.</p> <p>Effective for 2022 refunds (based on 2022 incomes, 2022 property taxes, and payable in 2023).</p> | No comparable provision. |
| 9 | <p>Additional property tax refund.</p> <p>Lowens the property tax threshold and increases the maximum refund for the additional (also known as “targeting”) property tax refund. Reduces the 12 percent threshold to qualify for a refund to ten percent, and increases the maximum refund from \$1,000 to \$2,000.</p> <p>Effective for 2022 refunds (based on 2022 incomes, 2022 property taxes, and payable in 2023).</p> | Article 4, Section 20. Same. |
| 10 | <p>Inflation adjustment.</p> <p>Changes the statutory year to 2022 for the inflation adjustment for property tax refunds.</p> | No comparable provision. |
| | No comparable provision. | Section 4. Collection; disposition. |

Comparison Summary of H.F. 3669 – House (H3669-3) / Senate (H3669, 2UE)

| Section | HOUSE Article 10: Miscellaneous | SENATE Article 9: Miscellaneous |
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| | | Requires that, for fiscal years 2024 and 2025 only, the appropriation amount for compulsive and problem gambling programs must be calculated without regard to projected reductions in the combined net receipts tax revenues resulting from modifications to the tax brackets. Effective the day following final enactment. |
| | No comparable provision. | Section 5. Combined net receipts tax. Reduces the combined net receipts tax by modifying the first and second tax brackets on which the tax is imposed and reducing the tax rate applicable to the first bracket. Effective for games reported as played after June 30, 2023. |
| | No comparable provision. | Section 6. Determination of revenue increase. Modifies the baseline gambling tax revenue amounts used to calculate the amount of tax revenue that is transferred to the stadium reserve account in the general fund. The baseline adjustment would affect the amount of the transfer for fiscal year 2024 and later. Effective for fiscal year 2024 and thereafter. |
| 11 | Accelerated payment. Reduces the percentage of June accelerated taxes due for the cigarette and tobacco excise tax based on the commissioner’s determination in section 3. Effective July 1, 2022. | No comparable provision. |
| 12 | Accelerated tax payment; penalty. Reduces the percentage of the June accelerated liquor excise tax and penalty, due to the commissioner’s determination in section 3. Effective July 1, 2022. | No comparable provision. |
| 13 | Allocation of revenues. Increases the allocation of revenues from the solid waste management tax to the environmental fund from 70 percent to 73 percent and provides that, beginning in fiscal year 2023, the difference between the amount of tax revenues directed to the environmental fund under current law and the amount proposed must be expended on state SCORE grants. | No comparable provision. |
| | No comparable provision. | Section 7. Counties; county road and bridge fund. Eliminates a five-cent increased allocation of the production tax to the county road and bridge fund that would begin with distributions beginning in 2024. Effective the day following final enactment. |
| 14 | Iron Range education account. Extends for 20 years the additional five cents per taxable ton from the production tax distribution that is paid to the Iron Range school consolidation and cooperatively operated school account, bringing the total annual distribution to ten cents per taxable | Similar. Senate proposes to extend additional five cents for ten years, through 2033. |

Comparison Summary of H.F. 3669 – House (H3669-3) / Senate (H3669, 2UE)

| Section | HOUSE Article 10: Miscellaneous | SENATE Article 9: Miscellaneous |
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| | <p>ton. This additional distribution is set to expire after 2023. The bill would extend the additional distribution through 2043, after which the distribution to this account will decrease by five cents per taxable ton.</p> | |
| 15 | <p>Taconite environmental fund. Distributes an additional five cents per taxable ton from the production tax distribution to the taconite environmental fund, beginning in 2044.</p> | <p>Similar. Senate proposes to distribute additional five cents beginning in 2034.</p> |
| 16 | <p>Definitions. (TID) Defines terms for the proposed new TID chapter of Minnesota Statutes, including “business” as a lodging business as defined by municipal law and “impacted business owners” as a majority of business owners in the TID. Effective date: This section is effective the day following final enactment.</p> | <p>No comparable provision.</p> |
| 17 | <p>Establishment of tourism improvement district. (TID) Allows a municipality to establish TIDs after receiving a petition from impacted business owners and after holding a public hearing. Allows the municipality to impose a service charge on businesses in the TID for activities and improvements that will benefit businesses in the TID. Allows appeal of the adoption of the ordinance to a district court and requires notice to the Department of Revenue when a TID is established. Effective date: This section is effective the day following final enactment.</p> | <p>No comparable provision.</p> |
| 18 | <p>Service charge authority; notice; hearing requirement. (TID) Allows a municipality to impose service charges to fund an activity or improvement in the TID if the activity or improvement is provided in the TID at an increased level of service. Limits the charges to the amount necessary to pay for the increases in the level of service. Requires an annual hearing regarding continuation of service charges in the TID. Effective the day following final enactment.</p> | <p>No comparable provision.</p> |
| 19 | <p>Modification of ordinance. (TID) Allows a tourism improvement district to be modified after a public hearing if the change is requested by the tourism improvement association. Requires that changes to the service charge or expansion of the district be initiated by petition of the impacted business owners. Allows changes to be vetoed by business owners. Effective the day following final enactment.</p> | <p>No comparable provision.</p> |
| 20 | <p>Collection of service charges; penalties. (TID) Allows a municipality, tourism improvement association, or other designated entity to collect service charges and to charge interest and penalties</p> | <p>No comparable provision.</p> |

Comparison Summary of H.F. 3669 – House (H3669-3) / Senate (H3669, 2UE)

| Section | HOUSE Article 10: Miscellaneous | SENATE Article 9: Miscellaneous |
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| | <p>for delinquent payments, as provided by the ordinance.</p> <p>Effective the day following final enactment.</p> | |
| 21 | <p>Tourism improvement association. (TID)</p> <p>Requires an ordinance establishing a TID to designate a tourism improvement association, which may select the improvements and activities to be funded by the TID and which must report to the municipality in every year a service charge is imposed. Requires a tourism improvement association to report annually to the municipality and to appoint a governing body or committee of business owners or their representatives to manage funds raised by the TID.</p> <p>Effective the day following final enactment.</p> | No comparable provision. |
| 22 | <p>Petition required. (TID)</p> <p>Prohibits a municipality from establishing a TID unless impacted business owners petition for a public hearing on establishing or modifying the TID.</p> <p>Effective the day following final enactment.</p> | No comparable provision. |
| 23 | <p>Veto powers of owners. (TID)</p> <p>Requires an ordinance establishing a TID to have an effective date at least 45 days after the ordinance is adopted. Allows veto of the ordinance if impacted business owners file an objection to the ordinance before it becomes effective.</p> <p>Effective the day following final enactment.</p> | No comparable provision. |
| 24 | <p>Disestablishment. (TID)</p> <p>Requires an ordinance establishing a TID to include an annual 30-day period during which impacted business owners may petition to have the TID disestablished. Requires a public hearing prior to disestablishment and requires refunds of any remaining service charge revenue after disestablishment.</p> <p>Effective the day following final enactment</p> | No comparable provision. |
| 25 | <p>Coordination of districts. (TID)</p> <p>Prohibits a city or town from establishing a TID in the area where a county has established a TID; prohibits a county from establishing a TID in the area where a city or town has established a TID.</p> <p>Effective the day following final enactment.</p> | No comparable provision. |
| 26 | <p>Workforce and affordable homeownership development program.</p> <p>Amends the workforce and affordable homeownership development program to allow the commissioner of the Minnesota Housing Finance Agency (MHFA) to issue loans in addition to grants. Establishes a workforce and affordable homeownership development account to fund the program and requires MHFA to deposit loan repayments into the account. An amount equal to</p> | No comparable provision. |

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| Section | HOUSE Article 10: Miscellaneous | SENATE Article 9: Miscellaneous |
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| | <p>\$10 million of the proceeds from the mortgage and deed tax is appropriated from the general fund to the new account in fiscal years 2023 through 2030.</p> <p>Effective July 1, 2022.</p> | |
| 27 | <p>Payment dates.</p> <p>Reduces the percentage of first half aid payments due July 20 based on the commissioner’s determination in section 3. The remaining amount of the first half payment would be paid on March 15. This shift in payment dates would not apply to local performance reimbursement aid, small cities assistance payments, soil and water conservation district aid, PILT payments, and taconite aid payments.</p> <p>Effective for aids payable in 2023 and thereafter.</p> | <p>No comparable provision.</p> |
| 28 | <p>City of Virginia; net debt limit exemption.</p> <p>Exempts bonds issued to finance the construction of, or to repay a loan for, a public safety building from counting towards the debt limit of the city of Virginia.</p> <p>Effective once local approval of the law is certified by the chief clerical officer of the city of Virginia.</p> | <p>Article 4, Section 25. Similar. Senate effective date not contingent upon local approval.</p> |
| 29 | <p>Polar vortex response.</p> <p>Subd. 1. Definitions. Defines “critical period,” “incremental cost,” “incremental price,” “impacted volume” and “utility” for the purposes of this section and the polar vortex tax credit.</p> <p>Subd. 2. Utilities must disclose increased energy costs. Requires municipal utilities to calculate for their customers the additional amount paid by the customers during the 2021 polar vortex. The amount would equal the incremental price, multiplied by the volume of energy used by the customer.</p> <p>Utilities would be required to deliver to their customers a written estimate of the additional amount paid.</p> <p>Subd. 3. Reimbursement for reserve revenues. Permits utilities to apply to the Department of Commerce for reimbursement for any reserves that were drawn down to cover additional energy costs during the 2021 polar vortex.</p> <p>If appropriations are insufficient, the bill would reduce the reimbursements proportionally.</p> <p>Subd. 4. Appropriation. Appropriates \$20 million to the commissioner of commerce for reimbursement under subdivision 3. The appropriation is a onetime appropriation.</p> | <p>No comparable provision.</p> |
| 30 | <p>Tax credit for excess energy costs due to the polar vortex.</p> <p>Subd. 1. Definitions. Defines “excess energy costs” as amounts disclosed to a customer under section 29, subdivision 2. Provides that the definitions in section 29 apply to the tax credit.</p> | <p>No comparable provision.</p> |

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| Section | HOUSE Article 10: Miscellaneous | SENATE Article 9: Miscellaneous |
|---------|--|------------------------------------|
| | <p>Subd. 2. Credit allowed. Allows a credit against the taxes imposed in chapter 290 equal to the amount of the consumer’s energy costs. Credits to pass-through entities are passed through pro rata to partners, members, or shareholders.</p> <p>Subd. 3. Credit refundable. Makes the credit refundable if the credit exceeds a taxpayer’s income tax liability. Appropriates funds sufficient to pay refunds for the credit.</p> <p>Subd. 4. Denial of double benefit. Requires taxpayers who deducted excess energy costs that were used to claim the credit to add back the amount deducted.</p> <p>Effective retroactively for tax year 2021.</p> | |
| 31 | <p>Income tax subtraction; COVID business assistance programs.</p> <p>Subd. 1. Definitions. Defines “subtraction” and “qualifying business assistance.” Applies the definitions in chapter 290 (income taxes) to the section.</p> <p>Subd. 2. Business assistance subtraction; individuals, estates, and trusts. Allows a subtraction for qualifying business assistance for individuals, estates, and trusts.</p> <p>Subd. 3. Business assistance subtraction; C corporations. Allows a subtraction for qualifying business assistance for C corporations.</p> <p>Subd. 4. Programs eligible for a subtraction. Lists the state and local business assistance programs that would be eligible for the subtraction. This includes aid under section 32 of the bill, a number of DEED business assistance programs, and assistance to businesses provided by counties and local governments using funds received under the Coronavirus Aid, Relief, and Economic Security (CARES) Act and American Rescue Plan Act (ARPA).</p> <p>Effective retroactively for taxable years beginning after December 31, 2019.</p> | No comparable provision. |
| 32 | <p>County pandemic business aid and community relief aid; appropriation.</p> <p>Subd. 1. Appropriation. Appropriates \$75 million in fiscal year 2023 for payments to counties under this section. Of this amount, \$50 million must be used by the counties to provide economic assistance and aid to businesses, and \$25 million must be used by the counties to provide rental assistance.</p> <p>Subd. 2. Economic assistance and aid to local businesses. Distributes to each county on a per capita basis the \$50 million appropriation for economic assistance and aid to business. Counties must use these funds for the purposes outlined in subdivisions 3, 4, and 5. Payments to businesses must be awarded by March 15, 2023. Counties may use the greater of \$6,250 or 2.5 percent of the total amount received under this subdivision for administrative costs.</p> | No comparable provision. |

Comparison Summary of H.F. 3669 – House (H3669-3) / Senate (H3669, 2UE)

| Section | HOUSE Article 10: Miscellaneous | SENATE Article 9: Miscellaneous |
|---------|---|--|
| | <p>Subd. 3. Economic assistance to underserved communities. Permits counties to use funds appropriated under subdivision 2 to provide economic assistance to “qualifying businesses” with 50 or fewer employees in areas designated as “underserved communities.”</p> <p>To provide assistance under this subdivision, a county must designate certain census tracts as “underserved communities.” When making this designation, a county must consider the unemployment rate, the poverty rate, the median income relative to the county median income, and the number of vacant commercial properties.</p> <p>Subd. 4. Aid to businesses without income in 2019. Allows counties to use funds received under subdivision 2 to provide economic assistance to businesses that were in operation in 2020 or 2021, but were ineligible to participate in a state or federal business assistance program due to lack of operations or revenue in 2019. Economic assistance could include grants, loans, or any other financial assistance deemed appropriate by the county.</p> <p>Subd. 5. Aid to venues. Permits counties to use aid under subdivision 2 to provide grants to live entertainment businesses or nonprofits that experienced a decrease in revenue due to COVID-19.</p> <p>Bars, restaurants, multinational businesses, publicly owned companies, and adult entertainment operations are not allowed to receive grants under the subdivision.</p> <p>Permits a county to authorize a grant to a business if the business planned to open in 2020, but was unable to begin operations due to COVID-19.</p> <p>Subd. 6. Rental assistance payments. Allocates rental aid monies to counties based on each county’s share of households paying more than 30 percent of their income towards rent. Allows the money to be spent on rent, utilities, and other housing payments for households making less than 50 percent of area median income. Allows counties both to spend the greater of \$6,250 or 2.5 percent of the aid received on administrative expenses and to partner with nonprofits and community action agencies to distribute aid.</p> <p>Subd. 7. Grants. Exempts grants under this section from certain grant making requirements, with those exemptions expiring March 15, 2023.</p> <p>Subd. 8. Report. Requires the commissioner of revenue to report to the legislative committees with jurisdiction over taxes on the grants provided under this section. This subdivision also requires counties to report to the commissioner of revenue how the funds received under this section were used.</p> | |
| 33 | <p>Independent School District No. 696, Ely; bonds.</p> <p>Authorizes Ely School District to issue up to \$9,500,000 in bonds for school facilities and buildings. The bonds may be issued without a</p> | <p>No comparable provision.</p> |

Comparison Summary of H.F. 3669 – House (H3669-3) / Senate (H3669, 2UE)

| Section | HOUSE Article 10: Miscellaneous | SENATE Article 9: Miscellaneous |
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| | referendum and would be excluded from any limitation of indebtedness for the district. | |
| 34 | Department of Revenue free filing report. Requires the Department of Revenue (DOR) to submit a report to the legislature on free electronic filing options for the individual income tax. The report is due on January 15, 2023, and must include a review of free filing options in other states, an analysis of needs, a description of alternative options for free filing, and an analysis of usage of the Internal Revenue Service Free File Program. | No comparable provision. |
| 35 | Tax expenditure purpose statements. In accordance with Minn. Stat., § 3.192, creates purpose statements for the tax expenditures in the bill. | No comparable provision. Senate amends purpose statement requirement. See Senate Article 9, section 1. |
| 36 | Appropriation; Department of Revenue free filing report. Appropriates \$175,000 in fiscal year 2023 for the free filing report in section 34. | No comparable provision. |

| Section | HOUSE Article 11: Department of Revenue Policy and Technical Partnership Taxes | SENATE Article 10: Department of Revenue Policy and Technical Partnership Taxes |
|---------|--|--|
| 1 | Pass-through entity tax clarification. Clarifies that only business entities that are organized for tax purposes to be taxed as a partnership or S corporation, constitute qualifying entities. Effective retroactively for taxable years beginning after December 31, 2020. | Section 1. Same. |
| 2 | Reporting and payment requirements. Requires that if a partnership is audited in a year where the pass-through entity tax is elected under Minn. Stat. § 289A.08, subd. 7a, that the pass-through entity report is amended to reflect the federal adjustments report and the additional amount paid that would have been due had the federal adjustments been reported properly as required. Effective retroactively for taxable years beginning after December 31, 2020. | Section 2. Same. |

| Section | HOUSE Article 12: Department of Revenue Policy and Technical Sales and Use and Special Taxes | SENATE Article 11: Department of Revenue Policy and Technical Sales and Use and Special Taxes |
|---------|--|--|
| 1 | Surcharge publication date. Moves the annual deadline for publication of the debt service surcharge from April 1 to May 1. The | Section 1. Same. |

Comparison Summary of H.F. 3669 – House (H3669-3) / Senate (H3669, 2UE)

| Section | HOUSE Article 12: Department of Revenue Policy and Technical Sales and Use and Special Taxes | SENATE Article 11: Department of Revenue Policy and Technical Sales and Use and Special Taxes |
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| | <p>section also removes outdated language from the subdivision.</p> <p>Effective the day following final enactment.</p> | |
| 2 | <p>Definition of state.</p> <p>Amends Minn. Stat. § 297A.61, subd. 29, to conform to the recently amended Streamlined Sales Tax definition of “state.” This change provides that for sales and use tax purposes “state” also includes any territory of the United States.</p> <p>Effective the day following final enactment.</p> | Section 2. Same. |

| Section | HOUSE Article 13: Department of Revenue Policy and Technical Fire and Police State Aids | SENATE Article 12: Department of Revenue Policy and Technical Fire and Police State Aids |
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| 1 | <p>Compliance report due dates.</p> <p>Amends Minn. Stat. § 6.495, subd. 3, to provide due dates for financial compliance reports submitted by the state auditor to the commissioner of revenue. The reports certify which relief associations are eligible to receive fire state aid.</p> <p>Effective for aids payable in calendar year 2023 and thereafter.</p> | Section 1. Same. |
| 2 | <p>Apportionment agreement definition.</p> <p>Amends Minn. Stat. § 477B.01 by adding a new subd. 1a, to define “apportionment agreement” for the purposes of fire state aid.</p> <p>Effective for aids payable in calendar year 2023 and thereafter.</p> | Section 2. Same. |
| 3 | <p>Fire department definition.</p> <p>Amends Minn. Stat. § 477B.01, subd. 5, to add joint powers entities and fire protection special taxing districts to the definition of “fire department” for purposes of chapter 477B. The latter is cross-referenced with chapter 144F, that added authority to create fire protection special taxing districts in 2021.</p> <p>Effective for aids payable in calendar year 2023 and thereafter.</p> | Section 3. Same. |
| 4 | <p>Joint powers entity definition.</p> <p>Amends Minn. Stat. § 477B.01 by adding a new subd. 7a, which defines a joint powers entity for purposes of fire state aid.</p> <p>Effective for aids payable in calendar year 2023 and thereafter.</p> | Section 4. Same. |
| 5 | <p>Municipality definition.</p> <p>Amends Minn. Stat. § 477B.01, subd. 10, to include joint powers entities and fire protection special taxing districts in the definition of “municipality” for</p> | Section 5. Same. |

Comparison Summary of H.F. 3669 – House (H3669-3) / Senate (H3669, 2UE)

| Section | HOUSE Article 13: Department of Revenue Policy and Technical Fire and Police State Aids | SENATE Article 12: Department of Revenue Policy and Technical Fire and Police State Aids |
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| | <p>purposes of fire state aid. Park districts and the University of Minnesota are eliminated from the definition. These two entities do not receive fire state aid, have not received it in the past, and are not anticipated to qualify for fire state aid in the future.</p> <p>Effective for aids payable in calendar year 2023 and thereafter.</p> | |
| 6 | <p>Secretary definition.</p> <p>Amends Minn. Stat. § 477B.01, subd. 11, to include the secretary or financial manager of a joint powers board or fire protection special taxing district board in the definition of “secretary” for purposes of fire state aid.</p> <p>Effective for aids payable in calendar year 2023 and thereafter.</p> | Section 6. Same. |
| 7 | <p>Fire department criteria.</p> <p>Amends Minn. Stat. § 477B.02, subd. 2, to require a fire department to have a fire department identification number issued by the state fire marshal to receive fire state aid.</p> <p>Effective for aids payable in calendar year 2023 and thereafter.</p> | Section 7. Same. |
| 8 | <p>Fire department personnel and benefits criteria.</p> <p>Amends Minn. Stat. § 477B.02, subd. 3, to eliminate outdated personnel criteria for fire departments to receive fire state aid. Language is also added to clarify that a fire department may not be associated with more than one retirement benefit plan at the same time.</p> <p>Effective for aids payable in calendar year 2023 and thereafter.</p> | Section 8. Same. |
| 9 | <p>Publicsafety answering point requirement.</p> <p>Amends Minn. Stat. § 477B.02 by adding a new subd. 4a, requiring a fire department to be dispatched by a public safety answering point to qualify for fire state aid.</p> <p>Effective for aids payable in calendar year 2023 and thereafter.</p> | Section 9. Same. |
| 10 , 15 | <p>Documentation filing requirements.</p> <p>Amends Minn. Stat. § 477B.02, subd. 5, to clarify the documentation required to be filed with the commissioner by municipalities and independent nonprofit firefighting corporations already receiving fire state aid, and those applying for the first time. For those already receiving aid, notifications of contract formation and termination, and notice of fire department dissolution, must be provided to the commissioner within 60 days of the event. For departments applying for fire state aid for the first time, notice of apportionment agreements, joint powers agreements, and fire protection special taxing district resolutions or agreements must be</p> | Sections 10 and 15. Same. |

Comparison Summary of H.F. 3669 – House (H3669-3) / Senate (H3669, 2UE)

| Section | HOUSE Article 13: Department of Revenue Policy and Technical Fire and Police State Aids | SENATE Article 12: Department of Revenue Policy and Technical Fire and Police State Aids |
|---------|---|--|
| | <p>filed with the commissioner. If any of the above-listed documents are updated, the updated version must also be filed with the commissioner within 60 days of the update. In the event a fire department is located in an unorganized territory, the county auditor is also required to provide information that the commissioner needs to apportion the estimated market value of the fire department service area. Also amends Minn. Stat. § 477B.03, subd. 4, which determines initial calculations for fire state aid, to reflect the documentation requirements above.</p> <p>Effective for aids payable in calendar year 2023 and thereafter.</p> | |
| 11 , 16 | <p>PERA certification.</p> <p>Amends Minn. Stat. § 477B.02, subd. 8, to provide that the executive director of the Public Employees Retirement Association (PERA) only needs to certify to the commissioner of revenue which fire departments began or terminated participation in the voluntary statewide volunteer firefighter retirement plan since the previous certification. Requires the certifications to include the number of active volunteer firefighters under Minn. Stat. § 477B.03, subd. 5, information required for aid calculation. Also amends Minn. Stat. § 477B.03, subd. 5, to provide the due date for PERA to certify the number of active firefighters to the commissioner of revenue and to the state auditor, and clarifies that the certification requirement applies to all municipalities and independent nonprofit firefighting corporations participating in the voluntary statewide volunteer firefighter retirement plan, not just to relief associations that were recently terminated because benefits started being provided by the statewide plan.</p> <p>Effective for aids payable in calendar year 2023 and thereafter.</p> | Sections 11 and 16. Same. |
| 12 | <p>Fire department certification to commissioner.</p> <p>Amends Minn. Stat. § 477B.02, subd. 9, to require the municipal clerk or the secretary to annually certify a fire department’s service area and whether all the qualification criteria for fire state aid are met. The municipal clerk or secretary must send a copy of the certification to the fire chief within five business days of filing with the commissioner.</p> <p>Effective for aids payable in calendar year 2023 and thereafter.</p> | Section 12. Same. |
| 13 , 20 | <p>Certain tax credits and calculation of amount of fire and police state aid available for apportionment.</p> <p>Amends Minn. Stat. § 477B.03, subd. 2 and § 477C.03, subd. 2, to clarify that when the department annually calculates the amount of fire and police state aid available for apportionment based on insurance premium data, the calculation is not affected by premium tax credits received under Minn. Stat. § 297I.20, subd. 3 (historic structure</p> | Sections 13 and 20. Same. |

Comparison Summary of H.F. 3669 – House (H3669-3) / Senate (H3669, 2UE)

| Section | HOUSE Article 13: Department of Revenue Policy and Technical Fire and Police State Aids | SENATE Article 12: Department of Revenue Policy and Technical Fire and Police State Aids |
|---------|---|---|
| | <p>insurance premium tax credit), subd. 4 (film production insurance premium tax credit), and subd. 5 (Minnesota housing insurance premium tax credit). This change aligns chapters 477B and 477C with Minn. Stat. § 297I.20, subds. 3, 4, and 5, which state that the credits do not affect the calculation. These amendments are effective the day following final enactment. Minn. Stat. § 477C.03, subd. 2, is also amended to delete vague language describing adjustments to aid payments.</p> <p>Effective for aids payable in calendar year 2023 and thereafter.</p> | |
| 14 | <p>Population data.</p> <p>Amends Minn. Stat. § 477B.03, subd. 3, to require the commissioner to use the most recent population estimates from the state demographer, rather than federal census data, to calculate fire state aid. Also requires the commissioner to use the estimated market value (EMV) property figures for the assessment year immediately prior to aid distribution in any calculations requiring EMV figures.</p> <p>Effective for aids payable in calendar year 2023 and thereafter.</p> | Section 14. Same. |
| 17 | <p>Fire state aid appeal.</p> <p>Amends Minn. Stat. § 477B.03, subd. 7, to provide that objections to fire state aid apportionments may only be raised within 60 days after the apportioned fire state aid is paid. There was previously no timeline for objections.</p> <p>Effective for aids payable in calendar year 2023 and thereafter.</p> | Section 17. Same. |
| 18 | <p>Timing and direction of fire state aid payments.</p> <p>Amends Minn. Stat. § 477B.04, subd. 1, to clarify that aid is withheld for noncompliance with financial reporting requirements. If the Office of the State Auditor certifies that the requirements have been met, the commissioner of revenue must make the payments within ten business days of receipt of the certification. Language also clarifies that fire state aid payments will be distributed to the largest municipality in population located within a joint powers entity and within the fire department service area of independent nonprofit firefighting corporations. If a joint powers entity has designated an agency as its fiscal agent, however, the payments will be distributed to that agency regardless of population size.</p> <p>Effective for aids payable in calendar year 2023 and thereafter.</p> | Section 18. Same. |
| 19 | <p>Fire state aid amount corrections.</p> <p>Amends Minn. Stat. § 477B.04 by adding a new subd. 4, which specifies how clerical errors that resulted in incorrect overpayments or</p> | Section 19. Same. |

Comparison Summary of H.F. 3669 – House (H3669-3) / Senate (H3669, 2UE)

| Section | HOUSE Article 13: Department of Revenue Policy and Technical Fire and Police State Aids | SENATE Article 12: Department of Revenue Policy and Technical Fire and Police State Aids |
|---------|---|---|
| | <p>underpayments of fire state aid are adjusted. Adjustments must occur within three years after a payment is issued.</p> <p>Effective for aids payable in calendar year 2023 and thereafter.</p> | |
| 21 | <p>Police state aid appeal.</p> <p>Amends Minn. Stat. § 477C.03, subd. 5, to provide that objections to police state aid apportionments may only be raised within 60 days after the apportioned police state aid is paid. There was previously no timeline for objections.</p> <p>Effective for aids payable in calendar year 2023 and thereafter.</p> | Section 21. Same. |
| 22 | <p>Police state aid amount corrections.</p> <p>Amends Minn. Stat. § 477C.04 by adding a new subd. 4, which specifies how clerical errors that resulted in incorrect overpayments and underpayments of police state aid are adjusted. Adjustments must occur within three years after a payment issued.</p> <p>Effective for aids payable in calendar year 2023 and thereafter.</p> | Section 22. Same. |
| 23 | <p>Repealer.</p> <p>Repeals Minn. Stat. § 477B.02, subd. 4. This subdivision details outdated equipment requirements for fire departments that are no longer used in determining qualification for fire state aid. Minn. Stat. § 477B.03, subd. 6 is also repealed. This subdivision contained vague language describing aid payment adjustments. It is no longer needed with the fire state aid correction language added to Minn. Stat. § 477B.04.</p> <p>Effective for aids payable in calendar year 2023 and thereafter.</p> | Section 23. Same. |

| Section | HOUSE Article 14: Department of Revenue Policy and Technical Miscellaneous Tax Provisions | SENATE Article 13: Department of Revenue Policy and Technical Miscellaneous Tax Provisions |
|---------|---|---|
| 1 | <p>Property tax refund, homestead application.</p> <p>Amends Minn. Stat. § 290A.03, subd. 13, by changing the deadline for filing of a homestead application, and for the property to be classified as homestead, from December 15 to December 31, for purposes of the property tax refund, to match the deadlines for homestead applications for purposes of the homestead market value exclusion.</p> <p>Effective for refund claims based on property taxes payable in 2022 and thereafter.</p> | Section 1. Same. |
| 2 | <p>Owner or managing agent to furnish rent certificate.</p> | Section 2. Same. |

Comparison Summary of H.F. 3669 – House (H3669-3) / Senate (H3669, 2UE)

| Section | HOUSE Article 14: Department of Revenue Policy and Technical Miscellaneous Tax Provisions | SENATE Article 13: Department of Revenue Policy and Technical Miscellaneous Tax Provisions |
|---------|--|--|
| | <p>Amends Minn. Stat. § 290A.19. The department, after consulting with affected representatives, can require owners and managing agents to e-file copies of certificates of rent paid (CRPs) issued to renters. The change supplements that authority by letting the department require CRP issuers to submit their taxpayer identification number to the department when e-filing the CRPs.</p> <p>Effective for refund claims based on rent paid in 2022 and thereafter.</p> | |