

Taxes & Local Aids and Credits

For the FY 2006-07 biennium, the Governor's recommendations would increase general fund tax revenues by \$159 million and reduce general fund expenditures by \$73 million. For FY 2008-09, the Governor's proposals would increase general fund tax revenues by \$154 million and reduce general fund expenditures by \$82 million.

General fund tax revenue increases for FY 2006-07 would come primarily from repealing the December 31, 2005 sunset for two special sales tax rates – the 9% sales tax rate on alcoholic beverages (\$84 million) and the 12.7 percent sales tax rate on rental cars (\$19 million). Accelerating sales tax payments on leased cars would raise revenues by \$39 million. Requiring non-resident partnerships and S-corporation shareholders pay income tax quarterly would raise \$14 million, and replacing the sales tax on cigarettes with a per-pack tax at the wholesale level would raise an additional \$11 million.

The Governor proposes several tax changes that reduce revenue, including tax credits for dairy farmers (\$2.9 million) and for corporations contributing to scholarship funds for private K-12 schools (\$3.5 million). The premiums tax rate for life insurance would be phased down from the present two percent to 1.5 percent over four years, reducing revenue by \$4.5 million in FY 2006-07 and \$13.7 million in FY 2008-09. The proposed phase-in of 100 percent sales apportionment for corporate taxes has little impact in FY 2006-07, but would reduce revenues by \$27 million in FY 2008-09. The Governor also proposes tax exemptions for a new international economic development zone (\$1.7 million) and for the existing bioscience zone (\$1 million).

The major expenditure reduction items include changes to the renter's property tax refund program (\$30 million in FY 2006-07 and \$82 million in FY 2008-09), extending the temporary reduction to the market value homestead credits to cities (\$35 million in FY 2006-07 only), and eliminating the political contribution refund program (about \$10 million in each biennium). In addition, the Governor proposes increasing levy authority for school districts which results in an *increase* in expenditures for the homeowner property tax refund program by \$3.7 million in the FY 2006-07 biennium and \$11.1 million in FY 2008-09.

Changes in General Fund Tax Revenues

Table 1 summarizes the impact of the proposed changes in general fund revenues.

Table 1 Changes in General Fund Tax Revenues (Dollars in thousands ¹)							
	Effec. Date	FY 2006	FY2007	FY 06-07 Biennium	FY 2008	FY 2009	FY 08-09 Biennium
Individual Income Tax							
Require quarterly withholding for nonresident partnerships/S-corps	1/1/06	\$13,200	\$850	\$14,050	\$950	\$1,000	\$1,950
Require 2% withholding on payments to self-employed construction subcontractors	Payments after 8/1/05	2,000	2,000	4,000	2,000	2,000	4,000
Enact 25% investment credit for regional angel investment network funds (for use in JOBZ zones)	FY 2007	0	(10,000)	(10,000)	0	0	0
Enact 10% investment credit for dairy farms	1/1/06 (for 6 yrs)	0	(2,900)	(2,900)	(3,500)	(4,000)	(7,500)
Simplify calculations for long-term care insurance credit	1/1/05	(300)	(330)	(630)	(360)	(400)	(760)
Exempt national guard & reserves active duty pay (in-state)	1/1/05	<u>(42)</u>	<u>(42)</u>	<u>(84)</u>	<u>(42)</u>	<u>(42)</u>	<u>(84)</u>
Total Income Tax:		\$14,858	\$(422)	\$14,436	\$(952)	\$(1,442)	\$(2,394)
Federal Conformity	various	\$(4,480)	\$2,285	\$(2,195)	\$8,665	\$5,285	\$13,950
Corporate Franchise Tax							
Phase-in 100% sales apportionment over 8 years (2007-2014)	1/1/07	\$0	\$(2,300)	\$(2,300)	\$(9,800)	\$(17,200)	\$(27,000)
Enact credit for contributions to K-12 scholarship funds	1/1/06	0	(3,500)	(3,500)	(3,750)	(3,750)	(7,500)
Limit applicability of Foreign Operating Corp. (FOC) rules	1/1/05	<u>1,800</u>	<u>1,300</u>	<u>3,100</u>	<u>900</u>	<u>500</u>	<u>1,400</u>
Total Corporate Tax:		\$1,800	\$(4,500)	\$(2,700)	\$(12,650)	\$(20,450)	\$(33,100)
Sales & Use Taxes							
Up-front payment of tax on car and small truck leases	10/1/05	\$18,921	\$19,749	\$38,670	\$5,609	\$744	\$6,353
Continue special 12.7% tax rate on rental cars beyond expiration date	1/1/06	4,790	13,800	18,590	14,500	15,200	29,700
Replace sales tax on cigarettes with a per-pack tax at wholesale ²	8/1/05	8,050	2,700	10,750	2,700	2,700	5,400
Define industrial production to exclude gas pipelines	7/1/05	1,600	3,200	4,800	3,200	3,200	6,400
Remote sellers must collect MN sales tax to do business with State of Minnesota	1/1/06	<u>680</u>	<u>2,730</u>	<u>3,410</u>	<u>4,300</u>	<u>4,410</u>	<u>8,710</u>
Total Sales & Use Tax:		\$34,041	\$42,179	\$76,220	\$30,309	\$26,254	\$56,563

¹Negative numbers represent a cost to the state and positive numbers represent a gain to the state.

² This is the net change in revenue from eliminating a sales tax and adding a new tax. This should probably be shown as a reduction in projected sales tax revenues and a slightly larger increase in revenues from "other taxes."

Table 1 is continued on following page.

Table 1 (continued)							
Changes in General Fund Tax Revenues							
<i>(Dollars in thousands¹)</i>							
	Effec. Date	FY 2006	FY2007	FY 06-07 Biennium	FY 2008	FY 2009	FY 08-09 Biennium
Other Tax Provisions							
Enact 2.5% gross receipts tax effective when sales tax on alcohol falls by 2.5%	1/1/06	\$23,650	\$60,300	\$83,950	\$62,000	\$63,100	\$125,100
Reduce life insurance premiums tax to 1.5%	phased in by 2009	(1,000)	(3,500)	(4,500)	(5,800)	(7,900)	(13,700)
Subject stop-loss policies to insurance premiums tax	1/1/06	1,400	3,700	5,100	4,500	5,400	9,900
Allow quarterly or annual payment of liquor tax	1/1/06	(25)	0	(25)	0	0	0
Base fur tax payments on actual quarterly revenue	1/1/06	(25)	0	(25)	0	0	0
Enact assorted tax breaks for International Trade Zone		0	(700)	(700)	(1,050)	(1,050)	(2,100)
Increase Bioscience Zone cap on benefits	7/1/05	(1,000)	0	(1,000)	0	0	0
TOTAL: All Taxes		\$69,219	\$89,342	\$158,561	\$85,022	\$69,197	\$154,219

¹ Negative numbers represent a cost to the state and positive numbers represent a gain to the state.

Tax Revenues

Individual Income Tax

Require quarterly withholding for nonresident partners and S-corporation shareholders:

Under current law, tax payment is delayed until after the calendar year ends, on the following March 15th (S-corporation shareholders) or April 15 (partners). All other taxpayers – including partners and S-corporation shareholders who are Minnesota residents – are required to pay tax as income is earned, either through withholding or quarterly estimated payments. The fiscal impact of primarily one-time money as half a year's tax is shifted forward into FY 2006. Later years see a much smaller gain due to the growth in these tax payments. About 40 percent of the shift is from partnerships.

Require 2% withholding on certain construction subcontractors: No withholding is now required if subcontractors are self-employed. This new requirement addresses a serious compliance problem because a substantial amount of this income (particularly the share paid to nonresidents) goes unreported and escapes tax. Although the income is generally reported to the Internal Revenue Service (IRS) on form 1099, state access to that federal data for audit purposes is delayed and incomplete. The rather low (2 percent) withholding rate takes account of the fact that some of these payments are for materials rather than labor. Subcontractors are required to provide the contractor with name, address, and social security number.

The requirement is limited to subcontractor payments that exceed \$600 in a calendar year. It applies to all portions of the construction business (construction of buildings, heavy construction, and specialty trades).

Enact 25 percent investment tax credit for Regional Angel Investment Network funds: Individual or corporate investors would receive a credit equal to 25 percent of the amount of capital they invest in qualified funds. To qualify, the funds would be required to support businesses in existing Job Opportunity Building Zones (JOBZ).¹ These zones are all located outside the metro area, so the credit is said to target rural Minnesota. The total amount of credits (capped at \$10 million) would support \$40 million of investment in such funds. No individual taxpayer could receive a credit of more than \$250,000.

Enact 10 percent investment credit for dairy farms: A total of up to \$300,000 in investment in dairy farm buildings, facilities, and equipment would be eligible for the 10 percent credit during the six year life of the credit (tax years 2006-2011), so the maximum benefit is \$30,000 per dairy farm. Credits are not refundable, so it can provide a benefit only to the extent it offsets income tax liability. Unused credits can be carried forward for use in the succeeding 15 years, so credits could be received as late as 2026. About 7200 dairy farms are potentially eligible for this credit.

Simplify calculation of long-term care credit: Under current law, the long term care credit is available for any premiums not claimed as an itemized deduction for medical costs². Not only does this complicate calculation of the credit; it also treats employees less favorably than the self-employed, who can fully deduct their premiums as self-employed health insurance but can still claim the Minnesota tax credit. The Governor proposes to allow full benefits of the credit for all long-term care premiums, regardless of whether they have already been deducted from income. This provides equal access to the credit and simplifies the calculations, at a cost of \$300 to \$400 thousand per year.

Exempt National Guard income for active duty in Minnesota: The Governor proposes to allow a subtraction for National Guard pay earned when called to active duty in Minnesota. This would include service when called up by either the Governor (after tornadoes and floods) or the President (as was done for airport security). This does not apply to regular training or drill pay.

<p>Under current law, Minnesota residents on active duty <i>outside</i> Minnesota (National Guard, reserves, or other military personnel) are treated as nonresidents for tax purposes. This effectively exempts their active duty pay from tax. In contrast, active duty pay of Minnesota residents on active duty <i>inside</i> Minnesota is now fully taxable. Federal law prohibits Minnesota from taxing <i>nonresidents</i> on pay received by U.S. armed forces personnel who are nonresidents and on active duty in Minnesota.</p>
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¹ The meaning of “support businesses” is not defined in the materials available at this time.

² Medical costs are deductible only to the extent they exceed 7.5 percent of income.

Federal Conformity (individual income tax and corporate franchise tax)

The Governor proposes Minnesota law to conform to most of the federal changes enacted in 2003 and 2004. Minnesota tax calculations start with federal taxable income. Any change in a federal law that changes the definition of federal taxable income requires that Minnesota either conform to the federal change or add a line on the Minnesota return to add back (or subtract) the difference. Federal conformity is not automatic; failure to do anything (as in the 2004 legislative session) means Minnesota has not conformed. About 75,000 Minnesota taxpayers were required to complete a special new tax form in 2004 (Form M1NC) to add back income deducted federally as a result of tax law changes enacted in 2003 and 2004 that took effect in 2004. This included 25,000 with Health Savings Accounts, 50,000 with teacher expenses, and 1,500 military personnel.

Table 2 shows the major federal law changes to which the Governor proposed to conform (or partially conform). Additional comments on selected items on Table 2:

Military Family Relief Act of 2003: Most of the fiscal impact is from allowing members of the national guard and reserves a deduction for un-reimbursed travel expenses when travel to a guard or reserve meeting exceeds 100 miles and requires an overnight stay (effective retroactive to tax year 2003).

Health Savings Accounts: Federal law allows a subtraction for contributions to these tax-preferred accounts by taxpayers who purchase high-deductible medical health care plans. High-deductible plans must have an annual deductible of at least \$1,000 (\$2,000 for family coverage) and maximum out-of-pocket expense of at least \$5,000 (\$10,000 for family coverage).

Maximum annual deduction is \$2,250 for single coverage (\$4,500 for family coverage) plus \$500 for individuals 55 or older. The 55-and-over differential grows by \$100 per year to \$1,000 in 2009. Amounts left in accounts at the end of each year can be carried over to the next year. All earnings on amounts contributed are tax-exempt, and distributions are tax-exempt if used for medical expenses. Change would be effective retroactively to the 2004 tax year.

Increased expensing for small businesses: The American Jobs Creation Act of 2004 extended the higher limit on expensing under IRS Code section 179 (\$100,000 rather than \$25,000) for two additional tax years (2006 and 2007), and increases the phase-out threshold. Fully conforming to this federal provision would cost \$50.6 million in FY 2006-07. Instead, the Governor proposes to require taxpayers to add back 80 percent of the added expensing amount, but allow a subtraction of one-fifth of that add back in each of the following five years. This "partial conformity" greatly reduces the up-front cost to the state, while eliminating the much greater complexity that would result from not conforming at all. (This is identical to the Minnesota's partial conformity to federal bonus depreciation in 2001 and 2002.³)

³ For a more complete explanation and discussion of this method of "partial conformity" and its impact on taxpayers, see the analysis of the 2002 bonus depreciation provision in *Summary of the Fiscal Actions of the 2002 Legislature* (<http://www.house.leg.state.mn.us/fiscal/files/02budsum.pdf>), pages 67-70.

Table 2 Conform to Federal Tax Changes (Dollars in thousands ¹)						
	FY 2006	FY 2007	2006-07 Biennium	FY 2008	FY 2009	2008-09 Biennium
1. Military Family Relief Act of 2003						
All Provisions (Individuals)	\$(680)*	\$(330)	\$(1,010)	\$(340)	\$(350)	\$(690)
2. Medicare Prescription Drug, Improvement, and Modernization Act of 2003						
Health Savings Accounts	\$(5,200)*	\$(3,000)	\$(8,200)	\$(3,300)	\$(3,700)	\$(7,000)
Subtract federal subsidies to employers with retiree prescription drug plans						
<i>Individual tax</i>	(1,000)	(2,000)	(3,000)	(2,200)	(2,500)	(4,700)
<i>Corporate tax</i>	(2,200)	(4,500)	(6,700)	(5,000)	(5,500)	(10,500)
Total	(3,200)	(6,500)	(9,700)	(7,200)	(8,000)	(15,200)
3. Working Families Tax Relief Act of 2004						
Deduct up to \$250 for teacher expenses (indiv.)	\$(2,400)*	\$0	\$(2,400)	\$0	\$0	\$0
Deduction for clean-fuel vehicles						
<i>Individual tax</i>	(260)*	50	(210)	30	25	55
<i>Corporate tax</i>	(220)*	40	(180)	25	20	45
Total	(480)*	90	(390)	55	45	100
Enhanced deduction for computer donations (corp.)	(830)*	0	(830)	0	0	0
Other items	(270)	(160)	(350)	(170)	(175)	(345)
4. American Jobs Creation Act of 2004						
Increased expensing: Add back 80% in first year, subtract same amount over next 5 years (Partial Conformity)						
<i>Individual tax</i>	(100)	1,300	1,200	3,400	1,750	5,150
<i>Corporate tax</i>	(25)	300	275	800	425	1,225
Total	(125)	1,600	1,475	4,200	2,175	6,375
Other provisions	8,705	10,585	19,290	15,420	15,290	30,710
Total federal update	(4,480)	2,285	(2,195)	8,665	5,285	13,950

*These items include retroactive provisions affecting tax year 2004 or earlier tax years.

¹Negative numbers represent a cost to the state and positive numbers represent a gain to the state.

The Governor proposes *NOT* to conform to two federal changes:

- *Increased standard deduction for married couples to twice that for single filers:* This eliminates the marriage penalty created when the standard deduction for married couples is less than twice that for singles. The decision not to conform to this change was driven by costs: Conformity would cost \$71 million in FY 2006-07 and \$24 million in FY 2008-09.

By not conforming, Minnesota married filers who do not itemize deductions will be required to add back the difference between the federal and Minnesota standard deduction (\$1300 in tax year 2005, declining to zero in tax year 2009 and after).

- *Deduction for U.S. production activities:* This provision relates to reform of international taxation. Conforming would cost \$35 million in FY 2006-07 and \$51 million in FY 2008-09.

Corporate Franchise Tax

Phase-in 100% sales apportionment over eight years: Multi-state corporations pay tax based on the share of their total income that is apportioned to Minnesota. Under current law, Minnesota's share of that income is calculated as a weighted average of the share of the corporation's total sales that are located in Minnesota (75 percent), the share of its total property that is located in Minnesota (12.5 percent), and the share of its total payroll that is paid in Minnesota (12.5 percent). The proposal would increase the importance of the sales factor from 75 percent to 100 percent, over eight years, as shown below.

Tax year	Apportionment Factors (percent)		
	Sales	Property	Payroll
2007	78%	11.0%	11.0%
2008	81%	9.5%	9.5%
2009	84%	8.0%	8.0%
2010	87%	6.5%	6.5%
2011	90%	5.0%	5.0%
2012	93%	3.5%	3.5%
2013	96%	2.0%	2.0%
2014	100%	--	--

The proposed change would reduce a corporation's tax liability if Minnesota's share of its production (property and payroll) exceeds Minnesota's share of its sales. Conversely, the proposal would increase a corporation's tax liability if Minnesota's share of sales exceeds Minnesota's share of its production. Corporations with all their sales, property, and payroll in Minnesota would see no change in their tax liability.

When fully phased in, this proposal would reduce corporate tax revenues by about \$50 million per year.

Winners and Losers from 100% Sales Apportionment: A detailed analysis in 2004 provided information about who wins and who loses under 100% sales apportionment. At that time, it was estimated that the proposal would reduce taxes for 4500 corporations while increasing taxes for 6,500 corporations. If 100% sales apportionment had been in effect in 2004, those 4,500 corporations would have paid \$85 million less tax. This tax reduction would have been partially offset by a tax increase totaling \$42 million for 5500 corporations. Some of the tax changes would be large. It was estimated that 130 corporations would see tax cuts exceeding \$100 thousand (an average of \$500 thousand each), while 80 corporations would see tax increases exceeding \$100 thousand (an average of \$200 thousand each.)

Those with large tax cuts would include manufacturing firms whose production facilities are concentrated in Minnesota but who sell in national markets. Those with large tax increases would include manufacturing firms with significant sales in Minnesota but negligible production facilities here. Single sales apportionment increases the incentive to locate production facilities in Minnesota.

Every year about 50,000 corporations file tax returns, and the 2004 analysis showed 39,000 of them with no change in tax. These include many who have all their payroll, property and sales in Minnesota, along with others who have zero taxable income.

Tax credit for contributions to private school (K-12) scholarship funds: The Governor proposes a tax credit for corporate contributions to scholarship granting organizations that award financial aid to low- and moderate-income families to help cover the cost of tuition at private K-12 schools. No details of this proposal have been released, other than its projected costs. In addition the revenue impact shown on Table 1 above, the Governor proposes an appropriation of \$500 thousand each biennium to the Department of Education to administer this program.⁴

Limit applicability of Foreign Operating Corporation rules: Minnesota law defines a special category of corporations – foreign operating corporations (FOC) – that qualify for special tax treatment. Generally, these corporations are domestic corporations with less than 20 percent of their property and payroll in the US. The special tax treatment (foreign royalties subtraction and dividends received deduction) can result in 80 percent of their income being exempt from taxation.

These tax rules were enacted in the late 1980s, at the time Minnesota adopted a unitary business combined reporting method for taxing corporate income. It was argued that these provisions were necessary to offset the heavy taxation of foreign operations that would otherwise occur using the combined reporting method.

The Governor's proposals aim to ensure that an FOC's foreign operations have economic substance and are not just a guise to shift profits into a nontaxable shell or form. The proposal would require an FOC to have at least \$2 million in foreign property and \$1 million in foreign

⁴ This appropriation is shown as part of the Governor's proposals for Education Finance.

payroll. This *de minimus* threshold would raise an estimated \$2.28 million in the current biennium, but the estimated gain declines in future years.⁵

Sales and Use Taxes

Require up-front payment of sales tax on car and small truck leases: Under current law, a consumer who leases an automobile pays sales tax on each lease payment. The proposal would require that the tax on lease payments all be paid at the time the lease is signed. Although total tax liability would not change, the tax would be paid earlier.⁶ The Governor's supplemental recommendations move the effective date forward to October 1, 2005. In addition, it is now recommended that refunds be provided if a lease is terminated early.

Rental vehicles that enter the state after the start of the lease will pay a prorated tax. The up-front tax does not apply to vehicles weighing over 10,000 pounds (heavy trucks) or to short-term rentals of less than 29 days.

This tax shift would raise revenue by \$39 million in FY 2006-07 and \$6 million in FY 2008-09. There would also be a small revenue increase in future years due to the growth in lease payments.

Neighboring States: Iowa, North Dakota, and South Dakota require sales tax on car leases to be paid up front, either by the lessor or the lessee.

Continue special 12.7 percent tax rate on rental cars beyond expiration date: Under current law, the sales tax on rental cars will fall from 12.7 percent to the standard sales tax rate of 6.5 percent on January 1, 2006. A sunset date was placed on this special sales tax rate in the 2001 tax omnibus act because the Streamlined Sales Tax Project required that all taxable items be taxed at the same state rate. The Department of Revenue was instructed to determine how the revenue could best be replaced with an alternative form of tax on rental cars. The Streamlined Sales Tax rules have now made it clear that rental car taxes are not covered under the agreement. (All of the revenue from the sales tax on rental cars is deposited in the general fund.)

Replace sales tax on cigarettes with a per-pack tax levied at wholesale: Under current law, cigarettes are subject to sales tax at the retail level. The proposal would exempt cigarettes from the sales tax and levy a \$0.21 per pack tax on distributors. The rate per pack would be calculated as 6.5 percent of the weighted average retail price, and would be adjusted each year (on July 1st). The new tax would be paid earlier – at the time the wholesaler receives the product rather than at the time of the retail sale. This speedup in the timing of the tax would yield \$5.8 million in one-

⁵ The Department of Revenue's *2004 Tax Expenditure Budget* estimates that the FOC provisions benefit about 2000 corporations, reducing taxes by \$70 to \$75 million per year. The Governor's proposal for *de minimus* thresholds is largely in response to the decision in the *Hutchinson Technology* case. The decline in estimated revenue in the 2006 and 2007 reflects the Revenue Department's belief that corporations will be successful in adapting to the new rules, thus reducing their impact.

⁶ The lease price excludes title and registration fees and insurance, which are currently excluded from tax when paid upfront at the beginning of the lease. It also excludes interest paid on the tax if the tax is capitalized into the lease payments.

time revenue in FY 2006.⁷ Collecting the tax at the distributor level is also expected to increase compliance, because tax would be collected from about 75 distributors rather than thousands of retail outlets. Increased compliance is estimated to increase tax collections by \$2.25 million in FY 2006 and \$2.7 million in each later year.⁸

This proposal is similar to replacing the sales tax on cigarettes by raising the excise tax by 21 cents per pack. The tax will be collected following the same rules as the existing 48 cent per pack cigarette excise tax, and the new tax is codified in the same section of law. Unlike the existing excise tax, the new 21 cent per pack tax rate will be adjusted each year for inflation in the price of cigarettes. There are currently two other states that exempt cigarettes from their sales tax and tax them with only an excise tax (Oklahoma and Colorado).

Define industrial production to exclude natural gas pipelines: Under current law, certain types of companies are eligible for a refund of taxes paid on purchases of capital equipment.⁹ The Minnesota Supreme Court recently ruled (in *Great Lakes Gas Transmission v. Commissioner*, 2002) that certain pipeline companies met that definition. The proposal would overrule that court decision.

Require remote sellers to collect and remit sales tax in order to do business with the State of Minnesota: Out-of-state companies who have no physical presence in Minnesota cannot be required to pay sales tax on the sales they make to Minnesotans. This includes some companies who sell to the State of Minnesota. The Governor proposes to require any company making sales to the state to collect and remit Minnesota sales tax on all sales to Minnesotans.¹⁰

Other Taxes

Enact 2.5% gross receipts tax effective when the sales tax rate for alcohol falls by 2.5%: Under current law, the special 9 percent sales tax on alcoholic beverages will expire at the end of December 2005. A sunset data was placed on this special sales tax rate in the 2001 tax omnibus act because the Streamlined Sales Tax Project (SSTP) required that all taxable items be taxed at the same state rate.¹¹ At that time, the Department of Revenue was instructed to determine how that revenue could best be replaced with an alternative tax on alcohol. The new 2.5 percent gross

⁷ This includes revenue from a one-time tax on cigarette stocks at the retail level on the effective date (August 1, 2005).

⁸ The numbers refer to the net change in revenue. Sales tax revenue will fall, and revenue from the new per-pack tax would exceed the loss in sales tax revenue. The revenue from the new tax will not be reported as “sales tax revenue.”

⁹ M.S. 297A.68 limits eligibility to capital equipment purchased used “primarily for manufacturing, fabricating, mining, or refining tangible personal property.”

¹⁰ Technically, these would be use tax payments rather than sales tax. This provision would not apply to state colleges and universities, courts, or any agency in the judicial branch of government. It can be waived in an emergency or if the seller is the single source of the product or service.

¹¹ SSTP is a multi-state effort to simplify state and local sales taxes. The complexity of the current system means states cannot require sellers to collect tax unless they have a physical presence in the state. As a result, Minnesota will lose an estimated \$585 million in sales tax revenue on internet and mail order sales in FY 2006-07. For a more complete discussion of the Sales Tax Simplification Project, see *Summary of the Fiscal Actions of the 2001 Legislature* (<http://www.house.leg.state.mn.us/fiscal/files/wrap01/01legact.pdf>), pages 47-48.

receipts tax (at the retail level) will raise the same amount of revenue the expiring extra 2.5 percent sales tax would have raised.

Violating the spirit (if not the letter) of the STTP agreement: In 2001, fur clothing was exempted from the sales tax because the agreement allowed no distinction between fur clothing and other clothing (which is exempt.) The sales tax on fur clothing was replaced by a 6.5 percent gross receipts tax (at the wholesale level.) This has been widely criticized as violating the spirit of simplicity. This proposal to replace the higher rate on alcohol with a retail-level gross receipts tax (rather than replacing the revenue with higher excise tax rates) is likely to be criticized as well, and may be ruled as violating that agreement. However, only one other state has had a differential sales tax rate on alcohol (North Dakota) and it has taken this same approach.

Reduce premiums tax rate on life insurance from two percent to 1.5 percent: The Governor proposes to phase the tax rate down by 1/8 percent each year (starting in 2006) until it reaches 1.5 percent in 2009. This would make life insurance companies headquartered in Minnesota more competitive in the national market. Because the U.S. Supreme Court has ruled that insurance is not commerce, most states have enacted retaliatory tax provisions (which would otherwise have been ruled unconstitutional under the commerce clause). As a result, a Minnesota company selling life insurance in another state is taxed at the higher of that state's rate or the Minnesota rate. As the insurance market has become more competitive, many states have lowered their tax rates to help their home state companies compete in the national market. For Minnesota companies, a lower Minnesota tax rate will reduce the tax they pay on sales in other states that have tax rates below Minnesota's current two percent rate.

Subject stop-loss policies to insurance premiums tax:¹² Stop-loss policies allow employers who self-insure to limit their risk by capping their maximum losses. The Minnesota Supreme Court recently ruled (in *Blue Cross Blue Shield of Minnesota v. Commissioner*, 2003) that these policies were not subject to the insurance premiums tax. This Governor recommends returning to the tax treatment prior to the court ruling. The true self-insurance component of self-insured plans would remain exempt. The proposed change will make the tax treatment of self-insured plans (which federal law exempts from tax under ERISA rules) somewhat more equal to the tax treatment of employee health coverage provided by insurers.

Allow quarterly or annual liquor tax payments if tax liability is below \$500 per month: This would simplify tax filing for roughly 100 taxpayers. Although tax liability remains unchanged, the delay in payments relative to current law results in a one-time revenue loss.

Base fur tax liability on actual quarterly sales: Currently this 6.5 percent gross receipts tax on fur clothing must be paid in equal quarterly payments based on the larger of 90 percent of current year sales or 100% of last year's sales. This change will simplify tax calculation for the 25 furriers who pay the tax. Although total liability will remain unchanged, the delay in payments relative to current law results in a one-time revenue loss.

¹² In addition to the change in general fund revenue shown in Table 1 above, this proposal would raise Health Care Access Fund revenue, as shown in Table 3 below.

Increase Bioscience Zone cap by \$1 million: The Biotechnology and Health Science Zone was created in 2003. At that time, the tax benefits for qualifying Biotechnology Zone businesses were limited to a total of \$1 million, which could be claimed only in the 2004-05 biennium. Businesses apply to the Department of Employment and Economic Development (DEED) for their share of the maximum \$1 million in tax certificates.

Although the zone was authorized for 12 years, no state tax exemptions or credits were authorized beyond the 2004-05 biennium.¹³ The Governor recommends funding \$1 million of tax breaks in the zone in the FY 2006-07 biennium.

International Trade Zone: The Governor proposes designating a new international economic development zone within 60 miles of the Minneapolis-St. Paul International Airport. The goal is to stimulate development of a regional distribution center, increasing the airport's capacity for international air freight. One contiguous zone of between 500 and 1000 acres would be designated. The new zone would last for 12 years and zone businesses would be granted most of the tax breaks provided within Job Opportunity Building Zones (JOBZ).

The proposed exemptions from state and local taxes are shown in the box below. Over 95 percent of the state fiscal cost through 2009 is due to sales tax exemptions. No appropriation is requested to administer these provisions.

¹³ This differs from the JOBZ zones, which were also authorized for 12 years but which have an open appropriation to cover the cost of the tax benefits over the life of the zones.

International Economic Development Zone

Eligible Businesses: Either (a) an owner or operator of a regional distribution center or (b) a freight forwarder, operating within the zone, and paying each employee salary and benefits equal to at least 110 percent of the federal poverty guideline for a family of four (\$18,850 in 2004.)

Recapture provision: A business that ceases business operations in the zone must repay any tax reductions received in the 2 years immediately prior to ceasing operations in the zone.

Businesses in those zones would generally be exempt from the following taxes for up to twelve years:

- Local property tax on all real property and improvements (though land would still be taxed)
- State property tax on all real property and improvements
- State and local sales and use taxes on goods and services a qualified business uses within the zone
- State and local sales and use taxes on construction materials for business improvements within the zone (whether purchased by the business or a contractor)
- Corporate franchise tax
- Income tax on business income
- Income tax on rental income from real or tangible personal property located in the zone
- Income tax on capital gains from sale of real or tangible personal property located in the zone (prorated by share of time property was owned while the zone was in effect)

Payroll Credit: Businesses would also qualify for a 7 percent tax credit on each dollar of total payroll in excess of \$30,000 times the number of full-time equivalent employees. (Pay over \$100,000 is subtracted from total payroll for this calculation.) The credit is refundable, and dollar amounts are indexed for inflation.

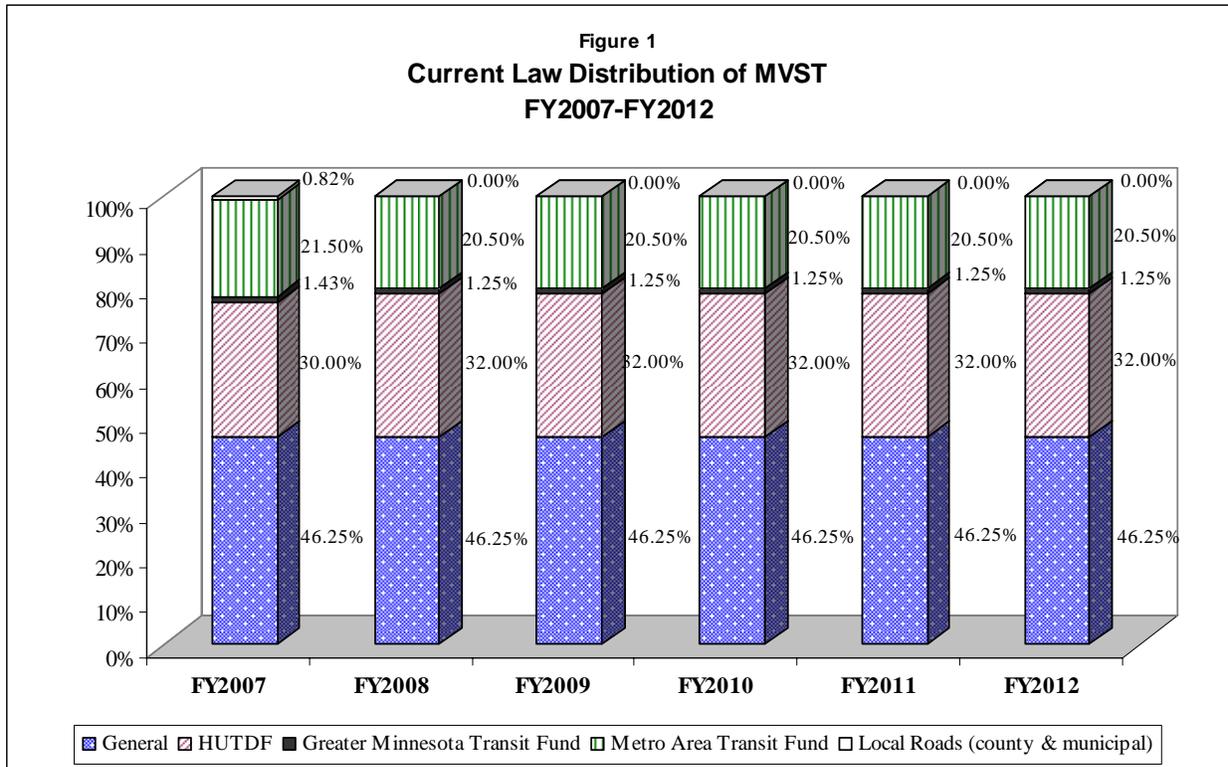
Other Revenues

Casino revenue: The Governor includes an additional \$200 million in new revenue in FY 2006-07 from a single new casino in the Minneapolis-St. Paul metro area. The casino would be operated as a partnership between several tribal governments and the State Lottery, who would share the casino's revenues. The FY 2006-07 revenue would come in the form of an up-front licensing payment. The supplemental budget recommendations documents also show \$228 million of general fund revenue in FY 2008-09.

The fiscal impact of this provision is not included in the totals shown in Table 1 above.

Redistribution of Motor Vehicle Sales Tax revenues: Under current law, revenues from the motor vehicle sales tax (MVST) are allocated to the following funds: general fund (46.25%), highway user tax distribution fund (30%), greater Minnesota transit fund (1.43%), metro area

transit fund (21.5%), and local roads (0.82%).¹⁴ Figure 1 shows the current distribution of the motor vehicle sales tax which is scheduled to change slightly beginning in fiscal year 2008. The current *total* estimated revenues for the motor vehicles sales tax is \$1.15 billion for FY2006-07 and \$1.22 billion for FY2008-09.



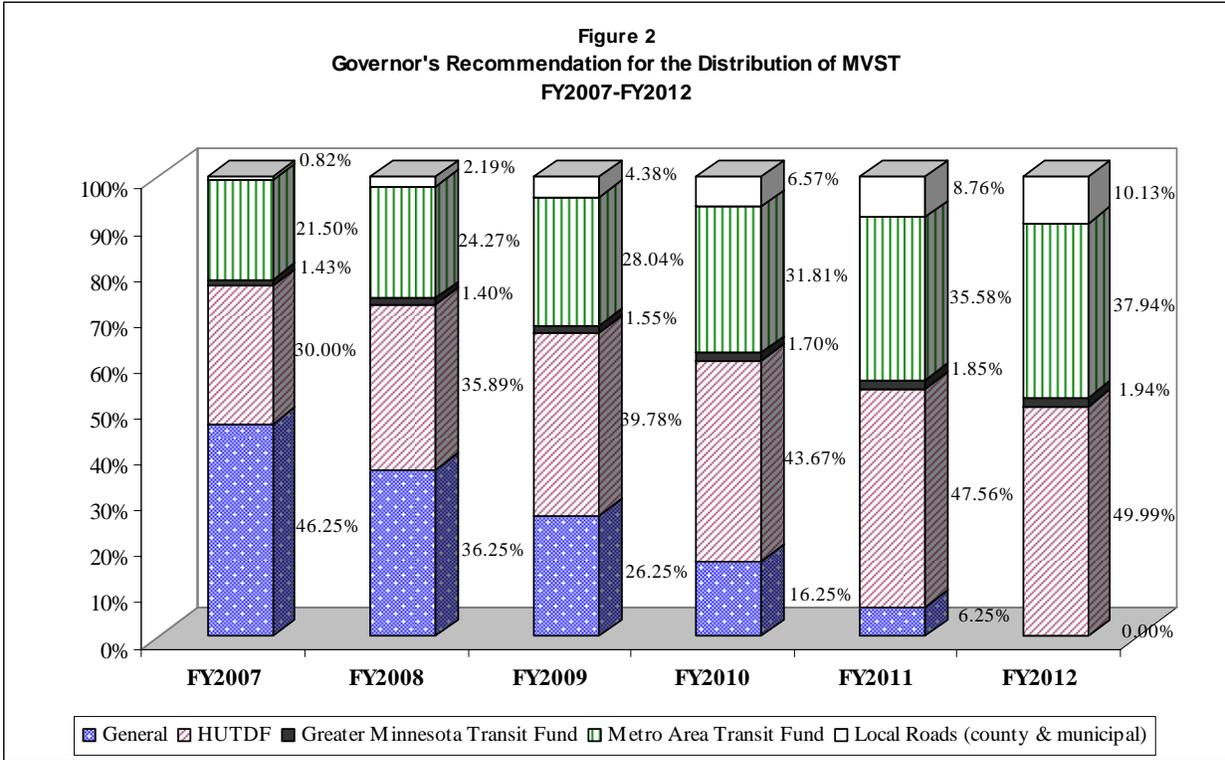
The Governor proposes a constitutional dedication of 100 percent of the motor vehicle sales tax to transportation¹⁵. This proposal would reallocate the general fund portion of the motor vehicle sales tax revenues to the other funds currently receiving a portion of the revenues. The reallocation of the revenues would phase-in over five years beginning in fiscal year 2008. The general fund portion of the tax would decrease as follows: 36.25% in FY2008, 26.25% in FY2009, 16.25% in FY2010, 6.25% in FY2011, and 0% in FY2012. This will decrease general fund revenues by \$62.7 million beginning in FY2008 and \$128.8 million in FY2009. Figure 2 shows the five-year phase-in of the redistribution of the motor vehicle sales tax under the Governor’s proposal.¹⁶

The fiscal impact of this provision is not included in the totals shown in Table 1 above. It is being tracked in the Transportation Finance committee’s section of this Money Matters. See www.house.leg.state.mn.us/fiscal/files/Gov05Op/tran.pdf.

¹⁴ The 0.82% for local roads is the combination of the county state aid highway fund (0.65%) and the municipal state aid street fund (0.17 %.)

¹⁵ This recommendation is shown as part of the Governor’s proposal for Transportation.

¹⁶ For the purposes of showing the five years of the motor vehicle sales tax in Figure 1 and 2, it was assumed that the motor vehicle sales tax revenue would increase by 2.7 percent annually in FY2010 through FY2012.



Replace State-Funded Campaign Fund with Taxpayer Funded Campaign Check-off. Under current law, a taxpayer can check a box on the income tax or property tax refund return to dedicate \$5 to fund campaigns for state office. Checking this box does not increase the taxpayer's tax liability. The Governor proposes to repeal this state-funded check-off, but replace it with a voluntary check-off that would be added to the taxpayer's tax (or subtracted from the taxpayer's refund). The Governor would also eliminate the \$1.5 million statutory biennial appropriation that currently supplements the revenue from the current check-off. This change is expected to cut participation by 50 percent. These changes are expected to save the general fund \$5.56 million in the FY 2006-07 biennium and \$2.56 million in FY 2008-09.

The fiscal impact of this provision is not included in the totals shown in Table 1 above. They are being tracked in the State Government Finance committee's section of this Money Matters. (See www.house.leg.state.mn.us/fiscal/files/Gov05Op/states.pdf)

Changes in General Fund Expenditures

The Governor recommends net general fund expenditure base reductions totaling \$73 million, a 2.5% reduction, for FY 2006-2007 and \$82 million in FY2008-09 for property tax aids and credits. The major expenditure reduction items include changes to the renter's property tax refund program, extending the temporary reduction to the market value homestead credits to cities and eliminating the political contribution refund program. In addition, the Governor proposes increasing levy authority for school districts which results in an increase in expenditures for the homeowner property tax refund program by \$3.7 million in FY2006-07.

	February Forecast FY 2004-05	Base FY 2006-07	Governor's Recs FY 2006-07	Percentage Change Gov. FY 2006-07 vs. February FY 2004-05	Percentage Change Gov. vs. Base FY 2006-07
Refunds					
Homeowner Property Tax Refund	\$281,299	\$350,000	\$353,695	25.74%	1.06%
Renter Property Tax Refund	290,981	302,100	271,700	-6.63%	-10.06%
Political Contribution Refund	10,648	11,000	500	-95.30%	-95.45%
Other Refunds	59,383	47,933	47,933	-19.28%	0.00%
Total Refunds	642,311	711,033	673,828	4.91%	-5.23%
		Biennial Change	(\$37,205)		
Local Aids					
Local Government Aid	\$902,455	\$873,276	\$873,276	-3.23%	0.00%
County Program Aid	272,621	411,892	411,892	51.09%	0.00%
Local Pension Aids	203,420	231,492	231,492	13.80%	0.00%
Other Local Aids	127,868	64,429	64,429	-49.61%	0.00%
Total Aids	1,506,364	1,581,089	1,581,089	4.96%	0.00%
		Biennial Change	(\$0)		
Property Tax Credits					
Market Value Homestead Credit	\$587,584	\$599,299	\$563,485	-4.10%	-5.97%
Market Value Agricultural Credit	47,736	47,457	47,457	-0.58%	0.00%
Senior Property Tax Deferral	336	533	552	64.29%	3.56%
Other Credits	21,529	21,418	21,418	-0.52%	0.00%
Total Credits	651,185	669,362	633,581	-2.70%	-5.35%
		Biennial Change	(\$35,781)		
		Total Biennial Change	(\$72,986)		
Total	\$2,805,860	\$2,960,815	\$2,887,829	2.92%	-2.47%

¹Negative numbers represent expenditure reductions (budget savings) and positive numbers represent expenditure increases

Local Aids and Credits

Renter's Property Tax Refund: The Governor recommends reducing the "percent of rent constituting property taxes" from 19 percent to 16 percent in fiscal year 2007 (refunds based on rent paid in 2005) and to 15 percent in fiscal year 2008 and after (refunds based on rent paid in 2006 and after) for the purposes of calculating the renter's property tax refund also referred to as the "renter's credit." The proposed change results in a reduction in general fund expenditures for the renter property tax refund program of \$30.4 million for the FY2006-07 biennium, or a 10 percent reduction from the current forecast base, and \$82.2 million reduction for the FY2008-09 biennium.

In 1997 the percent of rent constituting property taxes was changed to a fixed rate of 18 percent and was amended in 1998 to the current law rate of 19 percent. Prior to 1997, rent constituting property taxes was the actual amount of property tax included in the rent. Landlords would calculate the property tax that was attributable to rent for each rental unit.

The Department of Revenue recently surveyed approximately 58,000 landlords in Minnesota to obtain current data on the amount of rent that actually constitutes property taxes. Preliminary analysis of the results by the department of Revenue suggests that rent constituting property taxes varies widely by area and is generally 15 percent or lower.

Below are current estimates for reducing the percent of rent constituting property taxes.

Table 4 Property Tax Refunds for Renters Options for Computation of Rent Constituting Property Taxes			
	(\$ Millions)		
	Expenditure (Increase) or Decrease		
	F.Y. 2007	F.Y.2008	F.Y.2009
Change Renter Tax from 19% to 18 %	\$10.0	\$10.1	\$10.1
Change Renter Tax from 19% to 17%	\$20.2	\$20.3	\$20.4
Change Renter Tax from 19% to 16%	\$30.4	\$30.7	\$30.9
Change Renter Tax from 19% to 15%	\$40.8	\$41.1	\$41.5
Change Renter Tax from 19% to 14%	\$51.1	\$51.6	\$52.0
Change Renter Tax from 19% to 13%	\$61.4	\$62.0	\$62.6

Source: Department of Revenue

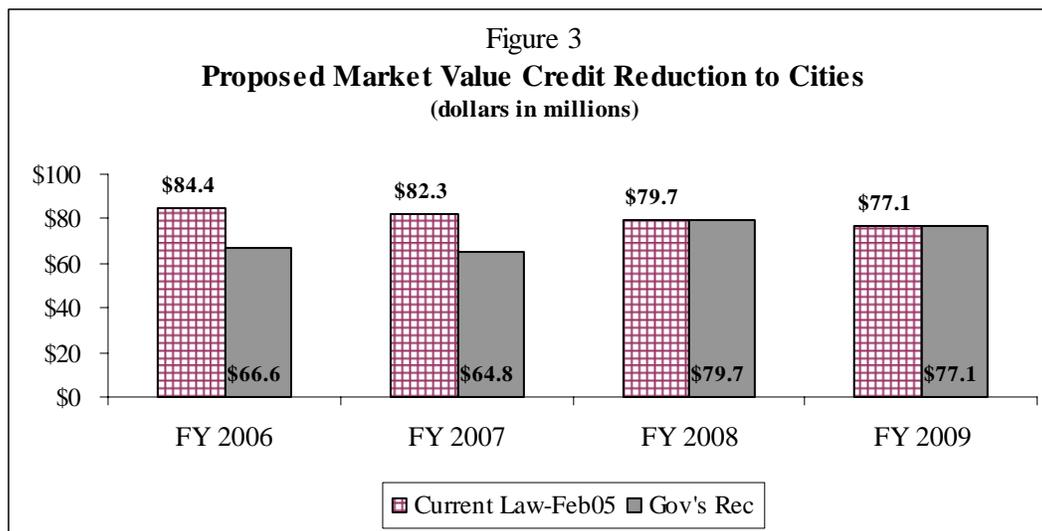
A reduction in rent constituting property taxes will affect all individuals eligible to receive the refund and some renters will become ineligible for a refund. The current maximum refund is \$1,310 for claims filed in 2005, based on rent paid in 2004 and 2004 household income. For 2004, program eligibility is restricted to claimants with incomes of \$45,970 or less. Under current law, the maximum refund and income is indexed for inflation. The table below (table 5) shows the most recent data for the number of returns filed, the amount of refunds paid and the average return for individuals under 65 years old, senior or disabled individuals, and the breakdown of metro and non-metro filers.

Table 5 2003 Statewide Renter Property Tax Refunds Filed in 2003 (based on 2002 incomes and rent paid in 2002)					
Filer	Number of returns		Total Amount		Average Return
Under 65	193,466	71.4%	\$94.4 mil	69.3%	\$488
Seniors	77,513	28.6%	\$41.9 mil	30.7%	\$541
Total	270,979	100.0%	\$136.3 mil	100.0%	\$503
Metro	160,850	59.4%	\$89.0 mil	65.3%	\$554
Non-Metro	100,686	37.2%	\$43.0 mil	31.5%	\$427
Unknown	9,443	3.5%	\$4.3 mil	3.2%	\$458

Table Source: House Research Department/Data Source: Department of Revenue

Extend reductions to Market Value Homestead Credit reimbursements for certain cities: In aids payable in 2003 and 2004, 103 cities received temporary reductions in the market value homestead credit reimbursement totaling \$39 million for the FY2004-05 biennium. Under current law, the market value homestead credit reimbursement to cities is scheduled to return to full funding beginning in fiscal year 2006.

The Governor's budget proposes extending the temporary reductions in the market value credit reimbursement to cities for reimbursements payable in 2005 and 2006 resulting in an expenditure reduction of \$35.3 million for the FY2006-07 biennium. The Governor recommends the market value homestead credit reimbursement to these cities return to full funding in fiscal year 2008. Under the previous reductions and in the Governor's current proposal, the homeowner still receives the full amount of the credit on their property tax statement; however, the city's reimbursement for the credit is reduced. The estimated budget savings from extending the reductions under the Governor's proposal is slightly less than the savings achieved in the FY2004-05 biennium because the current law forecast for the cost of the market value homestead credit program is lower for the FY2006-07 biennium. Figure 3 shows the amount of market value homestead credit reimbursement that cities are estimated to receive under current law versus the Governor's proposal.



Change Market Value Homestead Credit calculation for fractional homesteads: The Governor recommends amending the calculation of the market value homestead credit for fractional homesteads (i.e., property only partially homesteaded because one or more of the owners does not reside at the property). Prior to the class rate compression in the 2001 property tax reform, the benefit a fractional homestead received was the classification rate of a homestead property for the portion of the property that was homesteaded. Under current law, homestead and non-homestead properties have the same class rate; therefore the current benefit to fractional homesteads is the market value homestead credit.

The phase-out mechanism on the calculation of the market value homestead credit decreases the amount of credit a homestead property can receive as the market value increases above \$76,000. The credit is calculated on the full market value of a homestead property, whereas for a fractional homestead, the credit is calculated on the fraction of the property's market value that is homesteaded. This results in fractional homesteads receiving a higher credit amount and therefore a lower net tax than a full homestead due to the phase-out mechanism. The Governor's recommendation amends the calculation of the credit so that a fractional homestead's credit is calculated as if the entire property was homesteaded and then the amount of the credit is multiplied by the fraction of the property that is homesteaded. (See example calculation below in table 6.) This results in an expenditure reduction to the market value homestead credit program of \$0.5 million in FY2006-07 and \$1 million in FY2008-09.

Table 6 Example of Homestead vs. Fractional Homestead Current Law and Correction			
Property Type:	Homestead (Full)	Fractional Hmstd (50/50-NonHmstd) <i>Current Law</i>	Fractional Homestead (50/50-NonHmstd) <i>Gov's Rec</i>
A. Market Value	\$200,000	\$200,000 ((\$100,000 Hmstd/ \$100,000 Non-Hmstd)	\$200,000 ((\$100,000 Hmstd/ \$100,000 Non-Hmstd)
B. Class Rate	1.0	1.0/1.0	1.0/1.0
C. Net Tax Capacity (A x B)	\$2,000	\$2,000	\$2,000
D. Total Local Tax Rate (sum of all tax rates for each jurisdiction authorized to levy on property)	115.00	115.00	115.00
E. Gross Tax (C x D)	\$2,300	\$2,300	\$2,300
F. Market Value Credit (0.40% of MV, max = \$304; phase-out rate of 0.09% after \$76,000)	\$192.40 (Calculated on homestead MV = \$200K)	\$282.40 (Calculated on homestead fraction of MV = \$100K)	\$96.20 (Calculated on Homestead MV = \$200K, but then multiplied by 50%)
G. Total Net Tax (E – F)	\$2,107.60	\$2,017.60	\$2,203.80

In 2004, the House Omnibus Tax Bill (HF 2540) included a variation of this change. The House bill retained the current law calculation of the credit, however it capped the amount of credit a fractional homestead could receive at the amount of credit received by a full homestead property of the same market value. Using the example in table 6, the credit would be \$192.40 for a

fractional homestead under the proposal in the House Bill, the same as if the property were fully homesteaded.

Include special assessments for the Senior Property Deferral Program: Under current law, individuals 65 years or older who have a total household income of \$60,000 or less and meet other qualifications can apply for the Senior Property Tax Deferral program. This program allows seniors to defer the amount of their property taxes that exceeds three percent of their household income to a later time. The state then pays the county where the home is located the amount of the deferred tax. The current law estimate for the Senior Property Tax Deferral program is \$533,000 for the FY2006-07 biennium. The Governor proposes allowing special assessments and other charges that appear on the property statement to be eligible for the program. The proposed change slightly increases program expenditures by \$19,000 for FY2006-07 and by \$57,000 in FY2008-09. The proposed change effects 101 seniors currently enrolled in the program.

Other Expenditures

Eliminate the Political Contribution Refund Program: The Governor recommends permanently eliminating the political contribution refund program. The elimination of this program would reduce general fund expenditures by \$10.5 million in the FY2006-07 biennium and by \$9.9 million in the FY2008-09 biennium.

The political contribution refund program was established in 1990 to provide state paid cash refunds to individuals that contribute to a political party or a candidate for state office who agree to spending limits. The refund is equal to 100 percent of the contribution amount up to \$50 for an individual and \$100 for a married couple.

Property Tax Refund Impact of Proposed Increase School Levies: The Governor recommends increasing the amount schools districts can levy by \$148 million in FY2006-07 and \$445 million in FY2008-09 relative to current law¹⁷. The proposed increase in school levies is likely to increase the property tax burden on all taxpayers including homeowners. The increased property tax burden on homeowners would increase state paid homeowner property tax refunds by \$3.7 million in FY2006-07 and \$11.1 million in FY2008-09.

¹⁷ This recommendation is shown as part of the Governor's proposal for Education Finance.

Non-General Fund Changes

Health Care Access Fund

	Effec. Date	FY 2006	FY2007	FY 06-07 Biennium	FY 2008	FY 2009	FY 08-09 Biennium
Subject stop-loss policies to insurance premiums tax	1/1/06	\$800	\$2,300	\$3,100	\$2,700	\$3,300	\$6,000
Exempt TRICARE payments from provider tax	1/1/06	(1,730)	(1,410)	(3,140)	(1,500)	(1,580)	(3,080)
TOTAL		\$(930)	\$890	\$(40)	\$1,200	\$1,720	\$2,920

¹ Negative numbers represent a cost to the state and positive numbers represent a gain to the state.

Subject stop-loss policies to insurance premiums tax: Stop-loss policies allow employers who self-insure to limit their risk by capping their maximum losses. The Minnesota Supreme Court recently ruled (in *Blue Cross Blue Shield of Minnesota v. Commissioner*, 2003) that these policies were not subject to the insurance premiums tax. This Governor recommends returning to the tax treatment prior to the court ruling. The true self-insurance component of self-insurance plans would remain exempt. The proposed change will make the tax treatment of self-insured plans (which federal law exempts from tax under ERISA rules) somewhat more equal to the tax treatment of employee health coverage provided by insurers.

Exempt TRICARE payments from provider tax: TRICARE is a federally-funded health plan for military personnel (active, reserve, and retired) and their dependents. The MinnesotaCare taxes generally exempt payments received directly from the federal government. (The proposal would not exempt out-of-pocket payments received from the insured.)

Environmental Fund

	FY 2006	FY2007	FY 06-07 Biennium	FY 2008	FY 2009	FY 08-09 Biennium
Appropriation to Department of Environmental Protection	\$11,760	\$11,760	\$23,520	\$11,760	\$11,760	\$23,520
Increase SWMT proceeds to Environmental Fund to 70%	12,171	12,442	24,613	12,750	13,072	25,822
TOTAL	\$411	\$682	\$1,093	\$990	\$1,312	\$2,302

Increase proceeds of Solid Waste Management Tax to the Environmental Fund: The Governor recommends establishing a Department of Environmental Protection that essentially merges the current departments of the Minnesota Pollution Control Agency and the Office of Environmental Assistance. To partly fund the new agency, the Governor recommends increasing the percentage of the Solid Waste Management Tax (SWMT) proceeds that are directed to the Environmental Fund. Under current law, the greater of 50 percent or \$22 million of the proceeds are directed to the Environmental Fund and 50 percent goes to the general fund. The Governor’s proposal increases the percentage to the greater of 70 percent or \$33.8 million to the Environmental Fund.

Increasing the percentage of the SWMT proceeds directed to the Environmental Fund results in a loss of revenue to the general fund. The current appropriation to the Office of Environmental Assistance (OEA) from the general fund will move to the Environmental Fund resulting in an expenditure reduction to the general fund (budget savings.) This leaves a relatively small net loss in the general fund because the loss in revenue is slightly greater than the expenditure reduction. The net impact to the general fund is shown below and is part of the proposal for Agriculture, Environment and Natural Resources Finance.

	<u>FY2006</u>	<u>FY2007</u>	<u>FY2008</u>	<u>FY2009</u>
Expenditure Reduction to OEA	(\$11,760)	(\$11,760)	(\$11,760)	(\$11,760)
Revenue loss from increasing SWMT proceeds to Env. Fund	(\$12,171)	(\$12,442)	(\$12,750)	(\$13,072)
Net Impact to General Fund	(\$411)	(\$682)	(\$990)	(\$1,312)

The fiscal impact of this provision is not included in the totals shown in Table 3 above. It is being tracked in the Agriculture, Environment and Natural Resource committee’s section of this Money Matters. See www.house.leg.state.mn.us/fiscal/files/Gov05Op/env.pdf.

Airports Fund

Exempt air ambulances from aviation fuel tax: Vehicular ambulances are now exempt from the motor fuels tax. This would provide a similar tax exemption for air ambulance services registered the state. There are currently seven such companies.

	FY 2006	FY2007	FY 06-07 Biennium	FY 2008	FY 2009	FY 08-09 Biennium
Exempt air ambulances from aviation fuels tax	\$(15)	\$(15)	\$(30)	\$(15)	\$(15)	\$(15)

For additional information on income, corporate, sales and health care taxes, contact Paul Wilson at 651-297-8405, or paul.wilson@house.mn.

For additional information on property aids and credits, motor vehicle taxes and other taxes, contact Marie Zimmerman at 651-296-7171 or marie.zimmerman@house.mn.