

HOUSE RESEARCH

Bill Summary

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Overview

Renames the "Tax Expenditure Budget" the "Selective Tax Relief and Tax Expenditure Report." Limits the definition of "tax expenditure" to mean tax provisions resulting in a refund in excess of liability, and provides a new definition of "selective tax relief" to mean nonrefundable tax provisions resulting in reduced tax revenue. Effective following final enactment for future reports.

1 Tax relief and expenditure report.

Subd. 1. Statement of purpose. Strikes language stating that state governmental policy objectives are sought to be achieved both by direct expenditures and through tax expenditures, and that direct expenditures and tax expenditures affect the ability of state and local governments to lower tax rates. Replaces the word "cost" with "amount" and provides for the report to provide information both on selective tax relief and tax expenditure items, under the definitions provided in subdivision 6.

Subd. 2. Preparation; submission. Updates references consistent with changing the name of the report, and replaces the term "tax expenditure" with "selective tax relief and tax expenditure."

Subd. 3. Period covered. Replaces the term "tax expenditures" with "selective tax relief and tax expenditures."

Subd. 4. Contents. Replaces the term "tax expenditure" with "selective tax relief and tax expenditure."

Subd. 5. Revenue estimates; legislative bills. Updates references consistent with changing the name of the report, and replaces the term "tax expenditure" with "selective tax relief and tax expenditure."

Subd. 6. Definitions. Redefines the term "tax expenditure" and provides a new definition of "selective tax relief" as used in the context of the renamed "Selective Tax Relief and Tax

Expenditure Report" and in preparation of revenue estimates for the legislature. Limits the definition of "tax expenditure" to mean tax provisions (a special gross income definition, deduction, exemption, credit, or special rate) that result in a refund in excess of tax liability, and provides a new definition of "selective tax relief" to mean nonrefundable tax provisions resulting in a reduction in liability.