

Subject Department of Revenue policy and technical bill

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Date April 10, 2019

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Article 1: Department of Revenue – Individual Income and Corporate Franchise Tax – Policy

This article provides changes to the married filing separately income tax bracket and to provisions related to accelerated installment sale receipts. This article also removes obsolete language.

Section	Description – Article 1: DOR Individual Income and Corporate Franchise Policy
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1	<p>Social security benefits.</p> <p>Ensures the married filing separately bracket for the social security subtraction is exactly half of the married filing jointly bracket.</p>
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Effective for taxable years beginning after December 31, 2018.

Section	Description – Article 1: DOR Individual Income and Corporate Franchise Policy
2	<p>Accelerated recognition of certain installment sale gains.</p> <p>Deletes the phrase “allocable amount” which is rendered unnecessary by the changes in section 3, which will provide for the applicable standard.</p> <p>Effective the day following final enactment.</p>
3	<p>Schedule of rates for individuals, estates, and trusts.</p> <p>Provides for the representation of accelerated installment sale receipts in the nonresident apportionment fraction of taxpayers who pay income taxes on accelerated installment sale gains.</p> <p>Also ensures the married filing separately bracket is exactly half of the married filing jointly bracket.</p> <p>Adjustments made to the married filing separately bracket are effective for taxable years beginning after December 31, 2018, and adjustments made to accelerated installment sale receipts are effective the day following final enactment.</p>
4	<p>Inflation adjustment of brackets.</p> <p>Ensures the married filing separately bracket is exactly half of the married filing jointly bracket.</p> <p>Effective for taxable years beginning after December 31, 2018.</p>

Article 2: Department of Revenue – Individual Income and Corporate Franchise Tax – Technical

This article includes technical provisions related to individual income taxes.

Section	Description – Article 2: DOR Ind. Income and Corporate Franchise Technical
1	<p>Federal tax changes.</p> <p>Specifies that taxpayers are required to report adjustments to the department following a settlement or compromise with the IRS.</p> <p>Effective the day following final enactment.</p>
2	<p>Payments to horse racing license holders.</p> <p>Corrects a cross-reference that was moved in a prior session.</p> <p>Effective the day following final enactment.</p>

Section	Description – Article 2: DOR Ind. Income and Corporate Franchise Technical
3	<p>Designation of a qualified beneficiary.</p> <p>Allows a taxpayer to designate the required beneficiary at the same time as they file their income tax return.</p> <p>Effective the day following final enactment.</p>

Article 3: Department of Revenue – Sales and Use Tax – Technical

This article includes technical provisions related to sales taxes.

Section	Description – Article 3: DOR Sales and Use Tax – Technical
1	<p>Ships used in interstate commerce; other vessels.</p> <p>Clarifies an ambiguity created by the chapter 297A recodification in 2000.</p> <p>Effective the day following final enactment.</p>
2	<p>Qualified data centers.</p> <p>Clarifies that the commissioner of employment and economic development must issue a certification to the commissioner of revenue certifying a qualified data center as such, and the certification must include the date a data center first became qualified so the commissioner of revenue can determine when the data center’s electricity became exempt.</p> <p>Effective the day following final enactment.</p>
3	<p>Greater Minnesota business expansions.</p> <p>Clarifies that the commissioner of employment and economic development must certify to the commissioner of revenue that a greater Minnesota business is a qualifying business under Minn. Stat. § 116J.8738, and that any purchase made and delivery received was during the duration of the business subsidy agreement.</p> <p>Effective the day following final enactment.</p>
4	<p>Biopharmaceutical manufacturing facility.</p> <p>Clarifies that the commissioner of employment and economic development must certify to the commissioner of revenue that the biopharmaceutical manufacturing facility is qualified.</p> <p>Effective the day following final enactment.</p>

Section	Description – Article 3: DOR Sales and Use Tax – Technical
5	<p>Records must be kept.</p> <p>Clarifies language in Minn. Stat. § 297A.27, subd. 3, that was inadvertently omitted during the chapter 289A recodification in 1990.</p> <p>Effective the day following final enactment.</p>

Article 4: Department of Revenue – MinnesotaCare – Technical

The article provides technical changes to certain definitions for the purposes of:

- preserving the tax base for the wholesale drug distributor tax to conform to changes in federal law;
- providing a consistent definition of “staff model health plan company”;
- clarifying included entities in the definition of “health care provider” and “patient services”; and
- clarifying certain exclusions and exemptions.

Section	Description – Article 4: DOR MinnesotaCare – Technical
1	<p>Emergency medical reasons.</p> <p>Defines the term “emergency medical reasons,” which is necessary to preserve the current tax base for purposes of the wholesale drug distributor tax in chapter 295 due to proposed legislation by the Pharmacy Board to amend chapter 151 to conform with federal requirements regarding drugs and licensure.</p> <p>Effective the day following final enactment.</p>
2	<p>Gross revenues.</p> <p>Replaces the term “staff model health carrier” with “staff model health plan company” to allow for consistent use of the term “staff model health plan company” throughout chapter 295.</p> <p>Effective the day following final enactment.</p>
3	<p>Health care provider.</p> <p>Clarifies that the definition of health care provider includes an entity, which may otherwise not be a healthcare provider, who employs or contracts with a health care provider to provide, supervise, oversee, or consult regarding patient services.</p> <p>Clarifies that home care providers required to be licensed under chapter 144A are not health care providers as long as the home care services are provided under chapter 144A;</p>

Section	Description – Article 4: DOR MinnesotaCare – Technical
	<p>and to conform with proposed changes to Minn. Stat. § 295.53 regarding exclusions and exemptions.</p> <p>Effective the day following final enactment.</p>
4	<p>Manufacturer.</p> <p>Defines the term “manufacturer,” which is necessary to preserve the current tax base for purposes of the wholesale drug distributor tax in chapter 295 due to proposed legislation by the Pharmacy Board to amend chapter 151 to conform with federal requirements regarding drugs and licensure.</p> <p>Effective the day following final enactment.</p>
5	<p>Patient services.</p> <p>Clarifies which community support programs and family community support programs are not included in patient services.</p> <p>Effective the day following final enactment.</p>
6	<p>Pharmacy benefits manager.</p> <p>Consolidates this definition with other definitions for readability.</p> <p>Effective the day following final enactment.</p>
7	<p>Third-party purchaser of health care services.</p> <p>Consolidates this definition with other definitions for readability.</p> <p>Effective the day following final enactment.</p>
8	<p>Wholesale drug distributor.</p> <p>Modifies the definition of “wholesale drug distributor,” which is necessary to preserve the current tax base for purposes of the wholesale drug distributor tax in chapter 295 due to proposed legislation by the Pharmacy Board to amend chapter 151 to conform with federal requirements regarding drugs and licensure.</p> <p>Effective the day following final enactment.</p>
9	<p>Legend drug.</p> <p>Clarifies that the definition of “legend drug” does not include blood and blood components.</p> <p>Effective the day following final enactment.</p>

Section	Description – Article 4: DOR MinnesotaCare – Technical
10	<p>Wholesale drug distribution.</p> <p>Modifies the definition of “wholesale drug distribution,” which is necessary to preserve the current tax base for purposes of the wholesale drug distributor tax in chapter 295 due to proposed legislation by the Pharmacy Board to amend chapter 151 to conform with federal requirements regarding drugs and licensure.</p> <p>Effective the day following final enactment.</p>
11	<p>Exclusions and exemptions.</p> <p>Clarifies which clauses are exclusions and which clauses are exemptions for ease of tax administration. Also clarifies that Federal Tricare sourced funds are exempt, and deletes unnecessary language.</p> <p>Effective the day following final enactment.</p>
12	<p>Exemption for amounts paid for legend drugs.</p> <p>Clarifies an exemption for payments received for services under the federal Medicare Advantage Program.</p> <p>Effective the day following final enactment.</p>
13	<p>Tax expense transfer.</p> <p>Consolidates this definition with other definitions for readability.</p> <p>Effective the day following final enactment.</p>

Article 5: Department of Revenue – Property Tax – Policy

This article includes a change related to the requirement of social security numbers on the homestead applications.

Section	Description – Article 5: DOR Property Tax Policy
1	<p>Administration (small cities assistance).</p> <p>Provides that the commissioner of transportation will certify aid amounts for the small cities assistance program to the commissioner of revenue by June 1.</p> <p>Effective for aids payable in 2019 and thereafter.</p>

Section	Description – Article 5: DOR Property Tax Policy
2	<p>Homestead application.</p> <p>Amends the homestead application requirement by only requiring the Social Security number of the spouse of a property owner when the property owner occupies the property.</p> <p>Effective for applications for homestead filed in 2020 and thereafter.</p>

Article 6: Department of Revenue – Property Tax – Technical

This article includes clarifications regarding the form of the property tax data collected by the commissioner of revenue.

Section	Description – Article 6: DOR Property Tax – Technical
1 - 18	<p>Property tax data reports.</p> <p>Amends the commissioner of revenue’s powers to administer the state’s property tax laws by clarifying that the commissioner may collect property tax data at the parcel level or higher in the time, form, and manner as the commissioner may prescribe. This method of collection is consistent with property tax data collection under the Property Record Information System of Minnesota (PRISM). Sections referencing abstract-level property tax data are amended accordingly.</p> <p>Effective the day following final enactment.</p>
19	<p>Repealer.</p> <p>Repeals the section of law that refers to the abstract of tax lists.</p> <p>Effective the day following final enactment.</p>

Article 7: Department of Revenue – Fire State Aid – Technical

This article includes a recodification of provisions related to Fire State Aid. Chapter 477B is a proposed new chapter of the Minnesota Statutes where the recodified provisions of the fire state aid program will reside.

Section	Description – Article 7: DOR Fire State Aid – Technical
1	<p>Definitions.</p> <p>Defines various terms for purposes of the recodified fire state aid chapter.</p> <p>Effective for aids payable in 2020 and thereafter.</p>

Section	Description – Article 7: DOR Fire State Aid – Technical
2	<p>Qualifying for fire state aid.</p> <p>Establishes the criteria that must be met in order for a municipality or an independent nonprofit firefighting corporation to qualify to receive fire state aid.</p> <p>Effective for aids payable in 2020 and thereafter.</p>
3	<p>Calculation of fire state aid; appeal.</p> <p>Specifies how fire state aid is to be calculated and apportioned. Also describes the appeal process for a municipality, independent nonprofit firefighting corporation, fire relief association, and allows the voluntary statewide volunteer retirement plan to object to the amount of fire state aid apportioned to it.</p> <p>Effective for aids payable in 2020 and thereafter.</p>
4	<p>Appropriation, payment, and administration.</p> <p>Describes the process for paying fire state aid and the amount necessary to make the fire state aid payments is appropriated to the commissioner of revenue from the general fund.</p> <p>Effective for aids payable in 2020 and thereafter.</p>
5	<p>Shortfall from general fund.</p> <p>Provides that any volunteer firefighter relief association funding shortfall is to be paid from the state general fund to the extent there is a legislative appropriation for this purpose.</p> <p>Effective for aids payable in 2020 and thereafter.</p>
6	<p>Purpose.</p> <p>This is an uncodified provision that describes the purpose of the fire state aid and police state aid recodification. This provision provides that prior provisions are repealed on the effective date of the new provisions.</p> <p>Effective July 1, 2019.</p>
7	<p>Repealer.</p> <p>Repeals the current provisions relating to fire state aid. The language of these provisions is recodified into the new sections described above.</p> <p>Effective for aids payable in 2020 and thereafter.</p>

Article 8: Department of Revenue – Police State Aid – Technical

This article includes a recodification of provisions related to police state aid. Chapter 477C is a proposed new chapter of the Minnesota Statutes where the recodified provisions of the police state aid program will reside.

Section	Description – Article 8: DOR Police State Aid – Technical
1	<p>Definitions.</p> <p>Defines various terms for purposes of the recodified police state aid chapter.</p> <p>Effective for aids payable in 2020 and thereafter.</p>
2	<p>Qualifying for police state aid.</p> <p>Establishes the criteria that must be met in order for a municipality to qualify to receive police state aid.</p> <p>Effective for aids payable in 2020 and thereafter.</p>
3	<p>Calculation of police state aid; appeal.</p> <p>Specifies how police state aid is to be calculated and apportioned, and describes the appeal process for a municipality to object to the amount of police state aid apportioned to it.</p> <p>Effective for aids payable in 2020 and thereafter.</p>
4	<p>Appropriation, payment, and administration.</p> <p>Describes the process of paying police state aid and the amount necessary to make the police state aid payments is appropriated to the commissioner of revenue from the general fund.</p> <p>Effective for aids payable in 2020 and thereafter.</p>

Article 9: Department of Revenue – Fire and Police State Aid – Miscellaneous Technical Changes

This article provides technical changes for the newly-recodified fire state aid and police state aid.

Section	Description – Article 9: DOR Fire and Police State Aid – Technical
1	<p>Fire and police premium reports.</p> <p>Establishes the filing requirements for the Minnesota Fire Premium Report and the Minnesota Aid to Police Premium Report. Penalties apply if a company fails to file the</p>

Section	Description – Article 9: DOR Fire and Police State Aid – Technical
	<p>required report by the due date, if a person whose duty it is to file the report fails or refuses to file the report within 30 days after notification by the commissioner of revenue that the report is late, and if a company knowingly makes and files an inaccurate or false report.</p> <p>Effective for reports filed after December 31, 2019.</p>
2	<p>Financial report; bond; examination.</p> <p>Establishes financial reporting requirements to the state auditor for volunteer firefighters' relief associations and each municipality with an organized fire department that does not have a relief association.</p> <p>Effective July 1, 2019.</p>
3	<p>Authorized administrative expenses from special fund.</p> <p>Provides that payment of certain necessary, reasonable, and direct expenses of maintaining, protecting, and administering the special fund constitutes authorized administrative expenses of a volunteer firefighters' relief association.</p> <p>Effective July 1, 2019.</p>
4	<p>Repealer.</p> <p>Repeals the current provisions relating to fire state aid and police state aid. The language of these provisions is recodified into the new sections described above.</p> <p>The repeal of statutes relating to section 1 of this article is effective for reports filed after December 31, 2019. The repeal of statutes relating to sections 2-4 of this article is effective July 1, 2019.</p>

Article 10: Department of Revenue – Fire and Police State Aid – Conforming Changes – Technical

This article provides technical changes for the newly-recodified fire state aid and police state aid.

Section	Description – Article 10: DOR Fire and Police State Aid Conforming Changes
1 - 28	<p>Report to commissioner of revenue.</p> <p>Amends various statutes to update cross-references to the new sections created pursuant to the chapter 69 recodification.</p>

Section	Description – Article 10: DOR Fire and Police State Aid Conforming Changes
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| 29 | <p>Repealer.</p> <p>Repeals the volunteer retention stipend aid pilot program originally created by this section sunset for aid payable after calendar year 2017.</p> <p>Effective the day following final enactment.</p> |
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Article 11: Department of Revenue – Miscellaneous – Policy

This article provides changes to the statutes relating to the revocation of sales tax permits for businesses that have unpaid sales tax liabilities.

Section	Description – Article 11: DOR Miscellaneous - Policy
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| 1 | <p>Revocation or cancellation.</p> <p>Expands the commissioner’s authority to disclose data identifying the holder of a sales tax permit that has been canceled.</p> <p>Effective the day following final enactment.</p> |
| 2 | <p>Permits issued and not issued; cancellations.</p> <p>Prevents a business from evading a sales tax liability by prohibiting the issuance of a new sales tax permit to a business or person that has an unpaid sales tax liability not under appeal.</p> <p>Effective for permit applications filed after December 31, 2019.</p> |
| 3 | <p>Cancellation of permits.</p> <p>Provides for cancellation with notice of sales tax permits of a business or person that has an unpaid sales tax liability.</p> <p>Effective for permit applications filed after December 31, 2019.</p> |
| 4 | <p>Repealer.</p> <p>Repeals statute requiring a report to Explore Minnesota Tourism that will be developed through an inter-agency agreement and is no longer required to be referenced in statute.</p> <p>Effective the day following final enactment.</p> |

Article 12: Department of Revenue – Miscellaneous – Technical

This article provides technical updates to the references of persons with disabilities and married spouses throughout tax chapters. It also provides clarifications to the net proceeds tax distribution of mining taxes, and provides a technical clarification to the deadline to submit post-trial briefing materials in tax court cases.

Section	Description – Article 12: DOR Miscellaneous - Technical
1 - 5, 10, 12 - 13, 18 - 27	<p>Persons who are blind or have a disability.</p> <p>Amends statutes to update language for persons who are blind or have a disability.</p> <p>Effective the day following final enactment.</p>
6 - 9, 11, 14 - 17, 27 - 28	<p>Married spouses.</p> <p>Amends statutes to update gender-specific language for spouses.</p> <p>Effective the day following final enactment.</p>
29	<p>Within taconite assistance area.</p> <p>Removes reference to the July 15 net proceeds tax distribution date and add related conforming language to ensure the distributions are administrable.</p> <p>Effective the day following final enactment.</p>
30	<p>Distribution date.</p> <p>Adds a subdivision to change the net proceeds tax distribution date from July 15 to December 15 to ensure the distributions are administrable.</p> <p>Effective the day following final enactment.</p>
31	<p>Distribution of taconite municipal aid account.</p> <p>Adds a conforming paragraph related to the net proceeds tax distribution date.</p> <p>Effective the day following final enactment.</p>
32	<p>Tax court written orders.</p> <p>Updates the effective date for the change enacted regarding the period of time to file post-trial motions. After June 30, 2019, all cases will have 30 days to file post-trial motions.</p> <p>Effective the day following final enactment.</p>



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