## 2022 GOVERNOR'S REVISED BUDGET RECOMMENDATIONS - TAX POLICY & PTAC CHANGE ITEM SUMMARY

## GOVERNOR'S BUDGET RECOMMENDATIONS | FEBRUARY 22 FORECAST BASELINE

\$\$\$ in thousands | BOLD indicates rows that total | Tax Policy: Negative = Revenue Reduction | Refunds, Aids, & Credits: Negative = Spending Reduction

		A FEDERAL	B EFFECTIVE	C GOV	D GOV	E GOV	F GOV	G GOV	H GOV
INE	ITEM	ACT	DATE	FY 2022	FY 2023	FY 2022-23	FY 2024	FY 2025	FY 2024-25
<u>GENERAL</u>	FUND TAX POLICY RECOMMENDATIONS:								
FEDERAL CO	NFORMITY - INDIVIDUAL INCOME TAX								
1 GOV - Expans	sion of Section 529 plans	FCAA	TY19	-	(530)	(530)	(160)	(160)	(320
-	se charitable deduction limit for food inventory	CARES	TY20 Only	-	(190)	(190)	40	10	5
3 GOV - Inclusio	on of certain over-the-counter medical products as qualified medical expenses	CARES	TY20 Only	-	(Negl.)	(Negl.)	(Negl.)	(Negl.)	(Negl
4 GOV - Exclusi	on of discharge of indebtedness on qualified principal residence	CAA	TY21-TY25	-	(2,800)	(2,800)	(1,600)	(1,600)	(3,20
5 GOV - Benefit	ts for volunteer firefighters and emergency responders	CAA	TY21	-	(590)	(590)	(400)	(400)	(80
6 GOV - Exclusi	on for certain employer payments of student loans	CAA	TY21-TY25	-	(13,900)	(13,900)	(7,300)	(7,400)	(14,70
7 GOV - Partial	above-the-line deduction for charitable contributions	CAA	TY21 Only	-	(13,900)	(13,900)	-	-	
8 GOV - Modifi	cation of limitation on charitable contributions	CAA	TY21 Only	-	(6,500)	(6,500)	2,700	1,200	3,90
9 GOV - SBA lo	an assistance exclusion	CAA	TY21 Only	-	(2,700)	(2,700)	(300)	(100)	(40
10 GOV - Exclusi	on of shuttered venue grants income	CAA	TY21 Only	-	(2,300)	(2,300)	(400)	(200)	(60
11 GOV - Accele	rated depreciation for business property on Indian reservations	CAA	TY21	-	(80)	(80)	(10)	(Negl.)	(1
12 GOV - Depred	ciation of certain residential rental property over 30 years	CAA	TY18	-	(8,200)	(8,200)	(1,100)	(900)	(2,00
	l expensing rules for certain film, TV, and live theatrical productions	CAA	TY21-25	-	(3,300)	(3,300)	(600)	(600)	
	-efficient commercial building deduction	CAA	TY21 Only	-	(410)	(410)	(200)	(200)	(40
15 GOV - Specia	I rule for the production period for beer, wine, and distilled spirits	CAA	TY21	-	(120)	(120)	(40)	(40)	(8
	l disaster-related rules for use of retirement funds	CAA	TY21-22	-	(10)	(10)	10	-	1
17 GOV - Specia	l rules for qualified disaster-related personal casualty losses	CAA	TY20	-	(900)	(900)	(400)	(400)	(80
18 GOV - Increas	se maximum unearned income for working family credit	ARPA	TY21	-	(900)	(900)	(500)	(500)	(1,00
	se exclusion for employer-provided dependent care assistance	ARPA	TY21 Only	-	(760)	(760)	-	-	
	on for certain forgiven student loans	ARPA	TY 21-25	-	(200)	(200)	(100)	(100)	(20
	limitation on excess business losses of noncorporate taxpayers	ARPA	TY26 Only	-	-	-	-	-	
	on of economic injury disaster loan advances	ARPA	TY21 Only	-	(5,800)	(5,800)	(600)	(300)	(90
	on of restaurant revitalization grants	ARPA	TY21 Only	-	(4,200)	(4,200)	(400)	(200)	-
	Activity Bonds for Qualified Broadband Projects	IIJA	TY22	-	(80)	(80)	(170)	(290)	(46
	empt Bonds for Qualified Carbon Dioxide Capture Facilities	IIJA	TY22	-	(20)	(20)	(20)	(40)	(6
	FEDERAL CONFORMITY - INDIVIDUAL INCOME TAX			-	(68,390)	(68,390)	(11,550)	(12,220)	
					-			-	
FEDERAL CO	NFORMITY: CORPORATE FRANCHISE TAX								

28	GOV - 7-year recovery period for motorsports entertainment complexes	FCAA	TY18-20	-	(360)	(360)	(40)	(20)	(6
29	GOV - Increase corporate limitation on charitable deductions	CARES	TY20 Only	-	(550)	(550)	170	100	27
30	GOV - Increase charitable deduction limit for food inventory	CARES	TY20 Only	-	(90)	(90)	30	-	3
31	GOV - SBA loan assistance exclusion	CAA	TY21 Only	-	(2,500)	(2,500)	(100)	(100)	(20
32	GOV - Exclusion of shuttered venue grants income	CAA	TY21 Only	-	(2,300)	(2,300)	(400)	(200)	(6
33	GOV - 7-year recovery period for motorsports entertainment complexes	CAA	TY21-25	-	(190)	(190)	(100)	(110)	(2
34	GOV - Accelerated depreciation for business property on Indian reservations	CAA	TY21	-	(60)	(60)	(10)	-	(
35	GOV - Depreciation of certain residential rental property over 30 years	CAA	TY18	-	(4,100)	(4,100)	(500)	(400)	(9
36	GOV - Special expensing rules for certain film, TV, and live theatrical productions	CAA	TY21-25	-	(3,800)	(3,800)	(700)	(700)	(1,4
37	GOV - Energy-efficient commercial building deduction	CAA	TY21 Only	-	(660)	(660)	(320)	(320)	(6
38	GOV - Special rule for the production period for beer, wine, and distilled spirits	CAA	TY21	-	(180)	(180)	(70)	(70)	(1
39	GOV - Special rule for qualified disaster-relief contributions	CAA	TY 21-22	-	(100)	(100)	30	20	
40	GOV - Exclusion of economic injury disaster loan advances	ARPA	TY21 Only	-	(5,800)	(5,800)	(600)	(300)	(9
41	GOV - Exclusion of restaurant revitalization grants	ARPA	TY21 Only	-	(4,100)	(4,100)	(400)	(200)	(6
42	GOV - Repeal worldwide interest allocation rules	ARPA	TY21	-	Unknown	Unknown	Unknown	Unknown	Unkno
43	GOV - Deny deduction for certain highly compensated executives	ARPA	TY27	-	-	-	-	-	
44	GOV - Modify tax treatment of contributions to the capital of corporations	IIJA	TY21 Only	-	(1,700)	(1,700)	(800)	(700)	(1,5
45	SUBTOTAL: FEDERAL CONFORMITY - CORPORATE FRANCHISE TAX			-	(26,490)	(26,490)	(3,810)	(3,000)	(6,8
47	SUBTOTAL: FEDERAL TAX CONFORMITY RECOMMENDATIONS			-	(94,880)	(94,880)	(15,360)	(15,220)	(30,5
	INDIVIDUAL INCOME TAX								
	GOV - Expand the K12 Education Credit		TY22	-	(12,200)	(12,200)	(12,900)	(13,100)	(26,0
	GOV - Child & Dependent Care Credit: Increase Credit by 30%		TY22	-	(8,200)	(8,200)	(8,400)	-	(8,4
	GOV - Child & Dependent Care Credit: Increase Phase-Out Threshold		TY22	-	(5,700)	(5,700)	(6,100)	(6,100)	(12,2
	GOV - Child & Dependent Care Credit: Establish Newborn Credit		TY22	-	(1,400)	(1,400)	(1,400)	(1,400)	(2,8
54	GOV - Child & Dependent Care Credit: Interactions		TY22	-	(2,600)	(2,600)	(2,700)	(400)	(3,1
55	GOV - Angel Tax Credit		TY22	-	(7,000)	(7,000)	(5,000)	(5,000)	(10,0
	GOV - Working Family Credit: Allow ITIN Usage for WFC		TY22	-	(9,800)	(9,800)	(10,400)	(10,400)	(20,8
56	Sov Working running creat. Anow this osage for wre		1122					1 0 2 0	2,0
	Interaction: Public Safety Aid		Payable 22	-	-	-	1,020	1,020	
57				-	- (46,900)	(46,900)	1,020 ( <b>45,880</b> )	(35,380)	(81,2
57 58	Interaction: Public Safety Aid SUBTOTAL: OTHER INDIVIDUAL INCOME TAX GENERAL SALES & USE TAX		Payable 22	-			(45,880)	(35,380)	
57 58	Interaction: Public Safety Aid SUBTOTAL: OTHER INDIVIDUAL INCOME TAX				- (46,900) (96,700)	- (46,900) (96,700)			
57 58 61	Interaction: Public Safety Aid SUBTOTAL: OTHER INDIVIDUAL INCOME TAX GENERAL SALES & USE TAX		Payable 22	- - - -			(45,880)	(35,380)	(145,7
57 58 61	Interaction: Public Safety Aid SUBTOTAL: OTHER INDIVIDUAL INCOME TAX GENERAL SALES & USE TAX GOV - Local Government Exemption for Construction Materials		Payable 22	-	(96,700)	(96,700)	<b>(45,880)</b> (70,920)	<b>(35,380)</b> (74,870)	(145,7
57 58 61 62	Interaction: Public Safety Aid SUBTOTAL: OTHER INDIVIDUAL INCOME TAX GENERAL SALES & USE TAX GOV - Local Government Exemption for Construction Materials SUBTOTAL: GENERAL SALES & USE TAX		Payable 22	-	(96,700)	(96,700)	<b>(45,880)</b> (70,920)	<b>(35,380)</b> (74,870)	(145,7 <b>(145,7</b>
57 58 61 62 65	Interaction: Public Safety Aid SUBTOTAL: OTHER INDIVIDUAL INCOME TAX GENERAL SALES & USE TAX GOV - Local Government Exemption for Construction Materials SUBTOTAL: GENERAL SALES & USE TAX CANNABIS TAXES*		Payable 22 FY23	-	(96,700)	(96,700)	(45,880) (70,920) (70,920)	(35,380) (74,870) (74,870)	(81,2 (145,7 (145,7 [25,20 [38,70

69	SUBTOTAL: OTHER TAX POLICY RECOMMENDATIONS		-	(143,600)	(143,600)	(116,800)	(110,250)	(227,050)
84	TOTAL: TAX POLICY RECOMMENDATIONS		-	(238,480)	(238,480)	(132,160)	(125,470)	(257,630)
	GENERAL FUND EXPENDITURES:							
	PROPERTY TAX REFUNDS & CREDITS							
89	GOV - Allow ITIN Filers to Claim Homestead Credit Refund	Payable 23	-	-	-	1,800	1,800	3,600
90	GOV - Public Safety Aid Interaction	Payable 22	-	-	-	(2,610)	(2,610)	(5,220)
91	GOV - Include Hemp in Ag Land Property Tax Classification: Homestead Credit Refund	Payable 24	-	-	-	-	30	30
92	GOV - Include Hemp in Ag Land Property Tax Classification: School Building Bond Credit	Payable 24	-	-	-	-	20	20
93	GOV - Include Hemp in Ag Land Property Tax Classification: Ag Homestead MV Credit	Payable 24	-	-	-	-	10	10
94	SUBTOTAL: PROPERTY TAX REFUNDS & CREDITS		-	-	-	(810)	(750)	(1,560)
	OTHER AIDS & APPROPRIATIONS							
	GOV - Direct Payments to Minnesotans	DFE	-	2,004,600	2,004,600	-	-	-
	GOV - Public Safety Aid	Payable 22	-	100,000	100,000	100,000	100,000	200,000
	GOV - Soil & Water Conservation District Aid	Payable 22	-	22,000	22,000	22,000	22,000	44,000
	GOV - Expand Income Threshold for Senior Loan Deferral	Payable 24	-	-	-	50	130	180
	GOV - Administration of Tax Changes (DOR Operating Budget)	FY22	7,752	821	8,573	389	382	771
102	SUBTOTAL: OTHER AIDS & APPROPRIATIONS		7,752	2,127,421	2,135,173	122,439	122,512	244,951
104	TOTAL: PROPERTY TAX REFUNDS, AIDS, & CREDITS CHANGES		7,752	2,127,421	2,135,173	121,629	121,762	243,391
<mark>106</mark>	NET EFFECTS: GENERAL FUND		(7,752)	(2,365,901)	(2,373,653)	(253,789)	(247,232)	<mark>(501,021)</mark>

\*The tax revenue effects of this proposal, shown in brackets, are for reference and do not total. The fiscal effects of the Governor's recommendation to legalize recreational cannabis are tracked in their entirety in the Agriculture and Rural Development Finance and Policy Committee jurisdiction.

		Α	В	с	D	E	F	G	н
		FEDERAL	EFFECTIVE	GOV	GOV	GOV	GOV	GOV	GOV
		ACT	DATE	FY 2022	FY 2023	FY 2022-23	FY 2024	FY 2025	FY 2024-25
	NON-GENERAL FUNDS								
	LEGACY FUNDS								
128	GOV - Local Government Sales Tax Exemption for Construction Materials		FY23	-	(5,580)	(5,580)	(4,090)	(4,320)	(8,410)
129	GOV - Soil & Water Conservation District Aid		Payable 22	-	12,000	12,000	-	-	-
130	SUBTOTAL: LEGACY FUNDS			-	6,420	6,420	(4,090)	(4,320)	(8,410)