

1.1 Senator moves to amend S.F. No. 2405 as follows:

1.2 Delete everything after the enacting clause and insert:

1.3 "Section 1. Minnesota Statutes 2022, section 290.0123, subdivision 1, is amended to read:

1.4 Subdivision 1. **Standard deduction amount.** A taxpayer's standard deduction equals:

1.5 (1) for a married joint filer or a surviving spouse, ~~\$24,400~~ \$27,650;

1.6 (2) for a head of household filer, ~~\$18,350~~ \$20,800; or

1.7 (3) for any other filer, one-half the amount in clause (1); plus

1.8 (4) the additional amount for the taxpayer under subdivision 2.

1.9 A taxpayer's standard deduction amount is reduced in accordance with subdivision 5.

1.10 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning
1.11 after December 31, 2022.

1.12 Sec. 2. Minnesota Statutes 2022, section 290.0123, subdivision 2, is amended to read:

1.13 Subd. 2. **Additional amount for seniors or blind taxpayers.** (a) The additional amount
1.14 equals the sum of the following amounts:

1.15 (1) ~~\$1,300~~ \$1,450 if the taxpayer has attained age 65 before the close of the taxable year
1.16 or ~~\$1,650~~ \$1,850 for such a taxpayer who is not married or a surviving spouse;

1.17 (2) ~~\$1,300~~ \$1,450 for the spouse of the taxpayer if the spouse has attained the age of 65
1.18 before the close of the taxable year and qualifies for an exemption under section 151(b) of
1.19 the Internal Revenue Code;

1.20 (3) ~~\$1,300~~ \$1,450 if the taxpayer is blind at the close of the taxable year or ~~\$1,650~~ \$1,850
1.21 for such a taxpayer who is not married or a surviving spouse; and

1.22 (4) ~~\$1,300~~ \$1,450 for the spouse of the taxpayer if the spouse is blind as of the close of
1.23 the taxable year and qualifies for an exemption under section 151(b) of the Internal Revenue
1.24 Code.

1.25 (b) The commissioner must disregard section 151(d)(5) of the Internal Revenue Code
1.26 when determining if the taxpayer's spouse is eligible for an exemption under paragraph (a).

1.27 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning
1.28 after December 31, 2022.

Sec. 3. Minnesota Statutes 2023 Supplement, section 290.0123, subdivision 3, is amended to read:

Subd. 3. **Amount for dependents.** For an individual who is a dependent, as defined in sections 151 and 152 of the Internal Revenue Code, of another taxpayer for a taxable year beginning in the calendar year in which the individual's taxable year begins, the standard deduction for that individual is limited to the greater of:

(1) ~~\$1,100~~ \$1,200; or

(2) the lesser of: (i) the sum of \$350 and that individual's earned income; or (ii) the standard deduction amount allowed under subdivision 1, clause (3).

EFFECTIVE DATE. This section is effective retroactively for taxable years beginning after December 31, 2022.

Sec. 4. Minnesota Statutes 2023 Supplement, section 477A.36, subdivision 1, is amended to read:

Subdivision 1. **Definitions.** For the purposes of this section, the following terms have the meanings given:

(1) "city distribution factor" means the number of households in a tier I city that are cost-burdened divided by the total number of households that are cost-burdened in Minnesota tier I cities. The number of cost-burdened households shall be determined using the most recent estimates or experimental estimates provided by the American Community Survey of the United States Census Bureau as of May 1 of the aid calculation year;

(2) "cost-burdened household" means a household in which gross rent is 30 percent or more of household income or in which homeownership costs are 30 percent or more of household income;

(3) "county distribution factor" means the number of households in a county that are cost-burdened divided by the total number of households in Minnesota that are cost-burdened. The number of cost-burdened households shall be determined using the most recent estimates or experimental estimates provided by the American Community Survey of the United States Census Bureau as of May 1 of the aid calculation year;

(4) "eligible Tribal Nation" means any of the following 11 federally recognized Indian Tribes located in Minnesota: ~~Bois Forte Band; Fond du Lac Band; Grand Portage Band; Leech Lake Band; Mille Lacs Band; White Earth Band; and Red Lake Nation~~ which submit an application under subdivision 6, paragraph (g);

(5) "population" has the meaning given in section 477A.011, subdivision 3;

(6) "tier I city" means a statutory or home rule charter city that is a city of the first, second, or third class and is not located in a metropolitan county, as defined by section 473.121, subdivision 4; and

(7) "tier II city" means a statutory or home rule charter city that is a city of the fourth class and is not located in a metropolitan county, as defined by section 473.121, subdivision 4.

EFFECTIVE DATE. This section is effective for aids payable in calendar year 2024 and thereafter.

Sec. 5. Minnesota Statutes 2023 Supplement, section 477A.36, subdivision 6, is amended to read:

Subd. 6. **Administration.** (a) The commissioner of revenue must compute the amount of aid payable to each aid recipient under this section. Beginning with aids payable in calendar year 2024, before computing the amount of aid for counties and after receiving the report required by subdivision 3, paragraph (e), the commissioner shall compute the amount necessary to increase the amount in the account or accounts established under that paragraph to \$1,250,000. The amount calculated under the preceding sentence shall be deducted from the amount available to counties for the purposes of certifying the amount of aid to be paid to counties in the following year. By August 1 of each year, the commissioner must certify the amount to be paid to each ~~aid recipient~~ tier I city and county in the following year. The commissioner must pay statewide local housing aid to tier I cities and counties annually at the times provided in section 477A.015. Before paying the first installment of aid annually, the commissioner of revenue shall transfer to the Minnesota Housing Finance Agency from the funds available for counties, for deposit in the account or accounts established under subdivision 3, paragraph (e), the amount computed in the prior year to be necessary to increase the amount in the account or accounts established under that paragraph to \$1,250,000.

(b) Beginning in 2025, aid recipients shall submit a report annually, no later than December 1 of each year, to the Minnesota Housing Finance Agency. The report shall include documentation of the location of any unspent funds distributed under this section and of qualifying projects completed or planned with funds under this section. If an aid recipient fails to submit a report, fails to spend funds within the timeline imposed under subdivision 5, paragraph (b), or uses funds for a project that does not qualify under this section, the Minnesota Housing Finance Agency shall notify the Department of Revenue

4.1 and the aid recipient must repay funds under paragraph (c) by February 15 of the following
4.2 year.

4.3 (c) By May 15, after receiving notice from the Minnesota Housing Finance Agency, an
4.4 aid recipient must pay to the Minnesota Housing Finance Agency funds the aid recipient
4.5 received under this section if the aid recipient:

4.6 (1) fails to spend the funds within the time allowed under subdivision 5, paragraph (b);

4.7 (2) spends the funds on anything other than a qualifying project; or

4.8 (3) fails to submit a report documenting use of the funds.

4.9 (d) The commissioner of revenue must stop distributing funds to an aid recipient that
4.10 the Minnesota Housing Finance Agency reports to have, in three consecutive years, failed
4.11 to use funds, misused funds, or failed to report on its use of funds.

4.12 (e) The commissioner may resume distributing funds to an aid recipient to which the
4.13 commissioner has stopped payments in the year following the August 1 after the Minnesota
4.14 Housing Finance Agency certifies that the city or county has submitted documentation of
4.15 plans for a qualifying project.

4.16 (f) By June 1, any funds paid to the Minnesota Housing Finance Agency under paragraph
4.17 (c) must be deposited in the housing development fund. Funds deposited under this paragraph
4.18 are appropriated to the commissioner of the Minnesota Housing Finance Agency for use
4.19 on the family homeless prevention and assistance program under section 462A.204, the
4.20 economic development and housing challenge program under section 462A.33, and the
4.21 workforce and affordable homeownership development program under section 462A.38.

4.22 (g) An eligible Tribal Nation may choose to receive an aid distribution under this section
4.23 by submitting an application under this subdivision. An eligible Tribal Nation which has
4.24 not received a distribution in a prior aids payable year may elect to begin participation in
4.25 the program by submitting an application in the manner and form prescribed by the
4.26 commissioner of revenue by January 15 of the aids payable year. In order to receive a
4.27 distribution, an eligible Tribal Nation must certify to the commissioner of revenue the most
4.28 recent estimate of the total number of enrolled members of the eligible Tribal Nation. The
4.29 information must be annually certified by March 1 in the form prescribed by the
4.30 commissioner of revenue. The commissioner of revenue must annually calculate and certify
4.31 the amount of aid payable to each eligible Tribal Nation on or before August 1 of the aids
4.32 payable year. The commissioner of revenue must pay statewide local housing aid to eligible
4.33 Tribal Nations annually by December 27 of the year the aid is certified.

EFFECTIVE DATE. This section is effective for aids payable in calendar year 2024 and thereafter.

Sec. 6. Laws 2023, chapter 64, article 10, section 25, is amended to read:

Sec. 25. **BELTRAMI COUNTY; TAXES AUTHORIZED.**

Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes, section 297A.99, ~~subdivision~~ subdivisions 1 and 3, or 477A.016, or any other law or ordinance, and if approved by the voters at an election ~~as required under Minnesota Statutes, section 297A.99, subdivision 3~~ held on November 7, 2023, Beltrami County may impose by ordinance a sales and use tax of five-eighths of one percent for the purpose specified in subdivision 2. Except as otherwise provided in this section, the provisions of Minnesota Statutes, section 297A.99, govern the imposition, administration, collection, and enforcement of the tax authorized under this subdivision. The tax imposed under this subdivision is in addition to any local sales and use tax imposed under any other special law.

Subd. 2. **Use of sales and use tax revenues.** The revenues derived from the tax authorized under subdivision 1 must be used by Beltrami County to pay the costs of collecting and administering the tax, and to finance up to \$80,000,000, plus associated bonding costs, for the construction of a new county jail.

Subd. 3. **Bonding authority.** (a) Beltrami County may issue bonds under Minnesota Statutes, chapter 475, to finance the costs of the facility authorized in subdivision 2. The aggregate principal amount of bonds issued under this subdivision may not exceed \$80,000,000 for the project listed in subdivision 2, plus an amount to be applied to the payment of the costs of issuing the bonds. The bonds may be paid from or secured by any funds available to the county, including the tax authorized under subdivision 1. The issuance of bonds under this subdivision is not subject to Minnesota Statutes, sections 275.60 and 275.61.

(b) The bonds are not included in computing any debt limitation applicable to the county, and any levy of taxes under Minnesota Statutes, section 475.61, to pay principal and interest on the bonds is not subject to any levy limitation. A separate election to approve the bonds under Minnesota Statutes, section 475.58, is not required.

Subd. 4. **Termination of taxes.** Subject to Minnesota Statutes, section 297A.99, subdivision 12, the tax imposed under subdivision 1 expires at the earlier of: (1) 30 years after the tax is first imposed; or (2) when the county board determines that the amount received from the tax is sufficient to pay \$80,000,000 in project costs authorized under

subdivision 2, plus an amount sufficient to pay the costs related to issuance of any bonds authorized under subdivision 3, including interest on the bonds. Except as otherwise provided in Minnesota Statutes, section 297A.99, subdivision 3, paragraph (f), any funds remaining after payment of the allowed costs due to the timing of the termination of the tax under Minnesota Statutes, section 297A.99, subdivision 12, shall be placed in the general fund of the county. The tax imposed under subdivision 1 may expire at an earlier time if the county so determines by ordinance.

EFFECTIVE DATE. This section is effective retroactively from November 7, 2023.

Sec. 7. APPLICATIONS OF TRIBAL NATIONS FOR STATEWIDE HOUSING AIDS PAYABLE IN 2024.

For aids payable in 2024, the application and enrollment information required under Minnesota Statutes, section 477A.36, subdivision 6, paragraph (g), may be submitted as late as June 30, 2024. The commissioner may recertify, no later than August 1, 2024, the amount of statewide local housing aid payable to each Tribal Nation for aids payable in calendar year 2024.

EFFECTIVE DATE. This section is effective for aids payable in calendar year 2024."

Delete the title and insert:

"A bill for an act
relating to taxation; income, aids, and local sales and use; modifying the calculation of the standard deduction and definitions for the statewide local housing aid; amending the local sales and use tax authorization for Beltrami County; amending Minnesota Statutes 2022, section 290.0123, subdivisions 1, 2; Minnesota Statutes 2023 Supplement, sections 290.0123, subdivision 3; 477A.36, subdivisions 1, 6; Laws 2023, chapter 64, article 10, section 25."