



One Minnesota Budget – Governor Tim Walz and Lt. Governor Peggy Flanagan Make Minnesota the Best State in the Nation for Children and Families

Department of Revenue Implementation
Commissioner Paul Marquart



February 15, 2024

Working together to fund the future for all of Minnesota | www.revenue.state.mn.us

Our Mission

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- Working together to fund the future for all of Minnesota

Our Vision

- Everyone reports, pays, and receives the right amount: no more, no less

Our Work

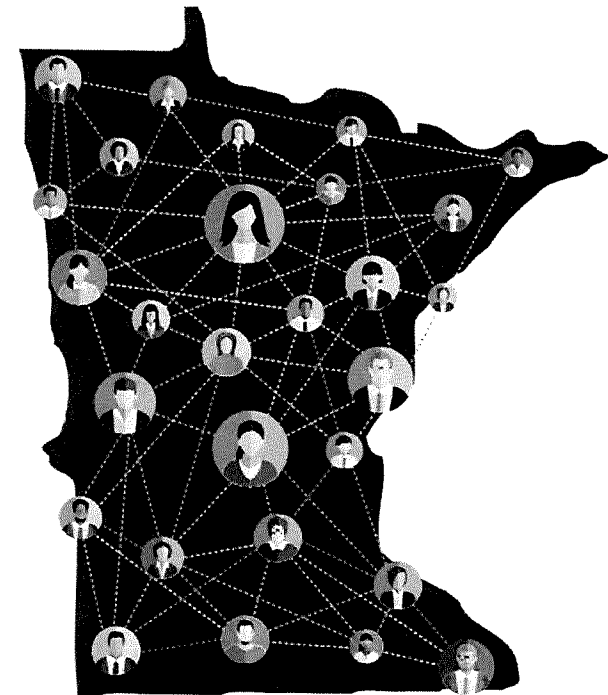
- Manages and enforces the collection and administration of \$33 billion in annual revenues. The DOR annual budget is about \$200 million



Tax Filing and Our Customers

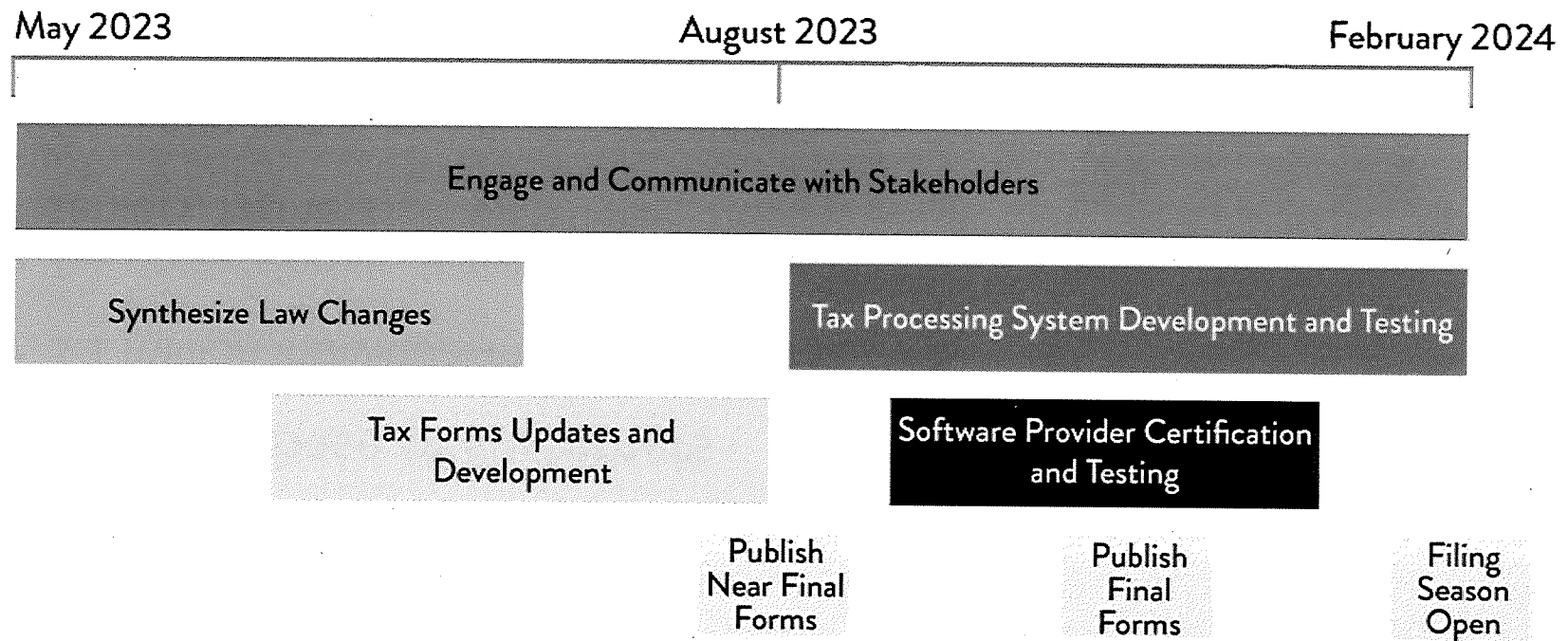
Our broad base of customers

- 3.1 million individual income tax filers
- Tax professionals, legislators, military, seniors, farmers
- Over 800,000 property tax refund filers
- 87 counties and 800 licensed property tax assessors
- 500,000 businesses file and pay
 - 160,000 businesses remit sales tax



Tax Filing Implementation

Tentative Process for Updating Tax Filing Systems



Department of Revenue 2023 Tax Bill Overview

- 300+ tax forms and instructions updated for the 2024 filing season
- Nation-leading Child Tax Credit outreach efforts underway
- 2.1 million direct rebate payments sent - totaling nearly \$1 billion
- Renter's credit shift to the M1
- New Cannabis Tax as of July 1
- New Tribal nation aid
- New affordable housing aid
- Calculated one-time increase on property tax refund programs
- Calculated and sent increased Local Government Aid and County Program Aid to Minnesota counties and cities

An aerial photograph of the Minnesota State Capitol building, a large, light-colored, classical-style structure with a prominent portico and many windows. The building is situated in an urban area with other buildings and greenery visible in the background. The image is in black and white.

Department of Revenue Implementation Updates

Department of Revenue Implementation Updates

Nation-leading Child Tax Credit

- Maximum credit of \$1,750 per child 17 and under – no limit
- Refundable and permanent
- 35,000 married joint filers, 29,500 single filers for maximum credit
- 300,000 families and 513,000 children estimated to qualify
- Cut child poverty by 33%
- Must file taxes to receive the credit

Department of Revenue Implementation Updates

Child Tax Credit Outreach

- Working with Governor's office and state agencies
- Over 170 free tax preparation sites
- 33 grantees to promote credit
- Individual outreach efforts to Tribal nations
 - In coordination with Lt. Governor's office

Status Report (as of Tuesday, February 13th, 2024)

- Total of \$146,679,795 in claimed Child Tax Credits
- Average Child Tax Credit claimed totals \$1,342
- 113,064 total qualifying children claimed

Department of Revenue Implementation Updates

One-time rebate – inflation and pandemic relief

- 2.1 million rebates sent out, 1.1 million sent via direct deposit in first 3 days
- 1 million checks sent
- Will begin third round of reissuing uncashed checks next week (~128,000)
- Ensuring the right amount gets to the right person
- Third-party partnership to send checks efficiently – Submittable
 - Did frontline worker pay rebates
 - U.S. Bank had previously worked with Submittable
 - Good track record of performance and security
 - Allowed Revenue to provide timely property tax refunds and prepare our systems for the next filing season

Department of Revenue Implementation Updates

One-time rebate federal taxability and 1099 MISC

- Designed to provide Minnesotans with targeted inflation relief and match other state's rebates that were not taxable
- IRS issued guidance on taxability of certain tax payments February 2023
- Revenue requested IRS guidance on federal taxability of newly enacted payments in May 2023 and again in September 2023 including a letter asserting rationale for non-taxable status
- IRS issued preliminary decision on federal taxability of relief payments in November 2023
- Meetings with IRS Commissioner in December 2023 and January 2024
- IRS gave final decision in January 2024

Department of Revenue – Looking Ahead

Implementation for 2025 tax season

- Child Tax Credit advanced periodic payments
 - Working with stakeholders for potential design
- Moving the Renter's PTR to a refundable income tax credit on the M1
- e-Services enhancements for individual income tax customers
 - Developing a roadmap for customer enhancements
- Working to make Minnesota's tax code simpler and more understandable for taxpayers

Thank you

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