

1.1 **Senator Klein from the Committee on Commerce and Consumer Protection, to**
1.2 **which was referred**

1.3 **S.F. No. 447:** A bill for an act relating to commerce; establishing a consumer protection
1.4 restitution account; requiring a report; appropriating money; amending Minnesota Statutes
1.5 2024, sections 8.31, subdivision 2c; 16A.151, subdivision 2; 290.0132, by adding a
1.6 subdivision; proposing coding for new law in Minnesota Statutes, chapter 8.

1.7 Reports the same back with the recommendation that the bill be amended as follows:

1.8 Page 2, line 30, after "purpose" insert "up to the first \$1,000,000 each fiscal year"

1.9 Page 3, line 2, after the period, insert "For purposes of this subdivision, the amount of
1.10 money recovered in a consumer enforcement action that must be deposited into the fund is
1.11 determined at the time when the money otherwise would have been deposited into the
1.12 general fund."

1.13 Page 8, after line 27, insert:

1.14 "Sec. 5. Minnesota Statutes 2024, section 290.0693, subdivision 1, is amended to read:

1.15 Subdivision 1. **Definitions.** (a) For the purposes of this section, the following terms have
1.16 the meanings given.

1.17 (b) "Combined exemption amount" means the sum of:

1.18 (1) for the taxpayer's first dependent, the exemption amount multiplied by 1.4;

1.19 (2) for the taxpayer's second dependent, the exemption amount multiplied by 1.3;

1.20 (3) for the taxpayer's third dependent, the exemption amount multiplied by 1.2;

1.21 (4) for the taxpayer's fourth dependent, the exemption amount multiplied by 1.1;

1.22 (5) for the taxpayer's fifth dependent, the exemption amount; and

1.23 (6) if the taxpayer or taxpayer's spouse had a disability or attained the age of 65 on or
1.24 before the close of the taxable year, the exemption amount.

1.25 ~~(b)~~ (c) "Dependent" means any individual who is considered a dependent under sections
1.26 151 and 152 of the Internal Revenue Code.

1.27 ~~(e)~~ (d) "Disability" has the meaning given in section 290A.03, subdivision 10.

1.28 ~~(d)~~ (e) "Exemption amount" means the exemption amount under section 290.0121,
1.29 subdivision 1, paragraph (b).

1.30 ~~(e)~~ (f) "Gross rent" means rent paid for the right of occupancy, at arm's length, of a
1.31 homestead, exclusive of charges for any medical services furnished by the landlord as a

part of the rental agreement, whether expressly set out in the rental agreement or not. The gross rent of a resident of a nursing home or intermediate care facility is \$600 per month. The gross rent of a resident of an adult foster care home is \$930 per month. The commissioner shall annually adjust the amounts in this paragraph as provided in section 270C.22. The statutory year is 2023. If the landlord and tenant have not dealt with each other at arm's length and the commissioner determines that the gross rent charged was excessive, the commissioner may adjust the gross rent to a reasonable amount for purposes of this section.

~~(f)~~ (g) "Homestead" has the meaning given in section 290A.03, subdivision 6.

~~(g)~~ (h) "Household" has the meaning given in section 290A.03, subdivision 4.

~~(h)~~ (i) "Household income" means all income received by all persons of a household in a taxable year while members of the household, other than income of a dependent.

~~(i)~~ (j) "Income" means adjusted gross income, minus:

~~(1) for the taxpayer's first dependent, the exemption amount multiplied by 1.4 the~~
taxpayer's combined exemption amount; and

~~(2) for the taxpayer's second dependent, the exemption amount multiplied by 1.3; the~~
amount of consumer enforcement public compensation subtracted under section 290.0132,
subdivision 36.

~~(3) for the taxpayer's third dependent, the exemption amount multiplied by 1.2;~~

~~(4) for the taxpayer's fourth dependent, the exemption amount multiplied by 1.1;~~

~~(5) for the taxpayer's fifth dependent, the exemption amount; and~~

~~(6) if the taxpayer or taxpayer's spouse had a disability or attained the age of 65 on or~~
~~before the close of the taxable year, the exemption amount.~~

~~(j)~~ (k) "Rent constituting property taxes" means 17 percent of the gross rent actually paid in cash, or its equivalent, or the portion of rent paid in lieu of property taxes, in any taxable year by a claimant for the right of occupancy of the claimant's Minnesota homestead in the taxable year, and which rent constitutes the basis, in the succeeding taxable year of a claim for a credit under this section by the claimant. If an individual occupies a homestead with another person or persons not related to the individual as the individual's spouse or as dependents, and the other person or persons are residing at the homestead under a rental or lease agreement with the individual, the amount of rent constituting property tax for the individual equals that portion not covered by the rental agreement.

3.1 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning
3.2 after December 31, 2023.

3.3 Sec. 6. Minnesota Statutes 2024, section 290A.03, subdivision 3, is amended to read:

3.4 Subd. 3. **Income.** (a) "Income" means the sum of the following:

3.5 (1) federal adjusted gross income as defined in the Internal Revenue Code; and

3.6 (2) the sum of the following amounts to the extent not included in clause (1):

3.7 (i) all nontaxable income;

3.8 (ii) the amount of a passive activity loss that is not disallowed as a result of section 469,
3.9 paragraph (i) or (m) of the Internal Revenue Code and the amount of passive activity loss
3.10 carryover allowed under section 469(b) of the Internal Revenue Code;

3.11 (iii) an amount equal to the total of any discharge of qualified farm indebtedness of a
3.12 solvent individual excluded from gross income under section 108(g) of the Internal Revenue
3.13 Code;

3.14 (iv) cash public assistance and relief;

3.15 (v) any pension or annuity (including railroad retirement benefits, all payments received
3.16 under the federal Social Security Act, Supplemental Security Income, and veterans benefits),
3.17 which was not exclusively funded by the claimant or spouse, or which was funded exclusively
3.18 by the claimant or spouse and which funding payments were excluded from federal adjusted
3.19 gross income in the years when the payments were made;

3.20 (vi) interest received from the federal or a state government or any instrumentality or
3.21 political subdivision thereof;

3.22 (vii) workers' compensation;

3.23 (viii) nontaxable strike benefits;

3.24 (ix) the gross amounts of payments received in the nature of disability income or sick
3.25 pay as a result of accident, sickness, or other disability, whether funded through insurance
3.26 or otherwise;

3.27 (x) a lump-sum distribution under section 402(e)(3) of the Internal Revenue Code of
3.28 1986, as amended through December 31, 1995;

3.29 (xi) contributions made by the claimant to an individual retirement account, including
3.30 a qualified voluntary employee contribution; simplified employee pension plan;
3.31 self-employed retirement plan; cash or deferred arrangement plan under section 401(k) of

the Internal Revenue Code; or deferred compensation plan under section 457 of the Internal Revenue Code, to the extent the sum of amounts exceeds the retirement base amount for the claimant and spouse;

(xii) to the extent not included in federal adjusted gross income, distributions received by the claimant or spouse from a traditional or Roth style retirement account or plan;

(xiii) nontaxable scholarship or fellowship grants;

(xiv) alimony received to the extent not included in the recipient's income;

(xv) the amount of deduction allowed under section 220 or 223 of the Internal Revenue Code;

(xvi) the amount deducted for tuition expenses under section 222 of the Internal Revenue Code; and

(xvii) the amount deducted for certain expenses of elementary and secondary school teachers under section 62(a)(2)(D) of the Internal Revenue Code.

In the case of an individual who files an income tax return on a fiscal year basis, the term "federal adjusted gross income" shall mean federal adjusted gross income reflected in the fiscal year ending in the calendar year. Federal adjusted gross income shall not be reduced by the amount of a net operating loss carryback or carryforward or a capital loss carryback or carryforward allowed for the year.

(b) "Income" does not include:

(1) amounts excluded pursuant to the Internal Revenue Code, sections 101(a) and 102;

(2) amounts of any pension or annuity which was exclusively funded by the claimant or spouse and which funding payments were not excluded from federal adjusted gross income in the years when the payments were made;

(3) to the extent included in federal adjusted gross income, amounts contributed by the claimant or spouse to a traditional or Roth style retirement account or plan, but not to exceed the retirement base amount reduced by the amount of contributions excluded from federal adjusted gross income, but not less than zero;

(4) surplus food or other relief in kind supplied by a governmental agency;

(5) relief granted under this chapter;

(6) child support payments received under a temporary or final decree of dissolution or legal separation;

(7) restitution payments received by eligible individuals and excludable interest as defined in section 803 of the Economic Growth and Tax Relief Reconciliation Act of 2001, Public Law 107-16;

(8) alimony paid; ~~or~~

(9) veterans disability compensation paid under title 38 of the United States Code; or

(10) to the extent included in federal adjusted gross income, the amount of consumer enforcement public compensation received as a distribution to an eligible consumer under section 8.37, subdivision 5.

(c) The sum of the following amounts may be subtracted from income:

(1) for the claimant's first dependent, the exemption amount multiplied by 1.4;

(2) for the claimant's second dependent, the exemption amount multiplied by 1.3;

(3) for the claimant's third dependent, the exemption amount multiplied by 1.2;

(4) for the claimant's fourth dependent, the exemption amount multiplied by 1.1;

(5) for the claimant's fifth dependent, the exemption amount; and

(6) if the claimant or claimant's spouse had a disability or attained the age of 65 on or before December 31 of the year for which the taxes were levied, the exemption amount.

(d) For purposes of this subdivision, the following terms have the meanings given:

(1) "exemption amount" means the exemption amount under section 290.0121, subdivision 1, paragraph (b), for the taxable year for which the income is reported;

(2) "retirement base amount" means the deductible amount for the taxable year for the claimant and spouse under section 219(b)(5)(A) of the Internal Revenue Code, adjusted for inflation as provided in section 219(b)(5)(C) of the Internal Revenue Code, without regard to whether the claimant or spouse claimed a deduction; and

(3) "traditional or Roth style retirement account or plan" means retirement plans under sections 401, 403, 408, 408A, and 457 of the Internal Revenue Code.

EFFECTIVE DATE. This section is effective for claims based on property taxes payable in 2026 and following years.

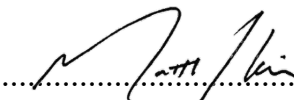
Amend the title as follows:

Page 1, line 2, after the second semicolon, insert "excluding consumer enforcement public compensation payments from certain calculations of income;"

6.1 Amend the title numbers accordingly

6.2 And when so amended the bill do pass and be re-referred to the Committee on State and

6.3 Local Government. Amendments adopted. Report adopted.

6.4 .....

6.5 (Committee Chair)

6.6 February 27, 2025.....

6.7 (Date of Committee recommendation)