



S.F. No. 132 (as proposed to be amended by A-2 delete-everything amendment)

Author: Senator Aric Putnam

Prepared by: Eric Silvia, Senate Counsel (eric.silvia@mnsenate.gov)
Nora Pollock, Senate Counsel (nora.pollock@mnsenate.gov)
Alexis C. Stangl, Director (alexis.stangl@mnsenate.gov)
Casey Muhm, Fiscal Analyst (casey.muhm@mnsenate.gov)
Rachel Johnson, Legislative Analyst (rachel.johnson@mnsenate.gov)

Date: March 12, 2025

Article 1: Income and Corporate Franchise Taxes

Section 1. Definitions [Tax Expenditure Review Commission]. Adds a definition of “commissioner of revenue” to the definitions section of the Tax Expenditure Review Commission (TERC) statute. Effective the day following final enactment.

Section 2. Membership. Strikes a reference to the “commissioner of revenue” since the term is now defined in section 1. Allows the commissioner to designate another individual to represent the commissioner or the commissioner’s designee at a TERC meeting. Effective the day following final enactment.

Section 3. Terms; vacancies; meetings. Requires the commissioner of revenue to convene the first TERC meeting of the year. Effective the day following final enactment.

Section 4. Data privacy related to electronic reporting system. Allows the Campaign Finance Board to access and use data about the political contribution refund program in the electronic reporting system and to share the data with the commissioner of revenue. The data is classified as nonpublic data and private data on individuals. Effective January 1, 2027.

Section 5. Refund receipts; penalty. Amends the requirements regarding receipts for the political contribution refund program. Instead of providing a supply of paper forms, the Board must make available official refund receipts in an electronic format. Candidates and parties must only issue refund receipts for a contribution of \$10 or more. Each receipt must be in an electronic format and include a unique receipt validation number that allows the commissioner of revenue to verify the information on the receipt with the Board. The party or candidate may provide a printed copy of the receipt to the contributor. Each business day, the Board must provide to the commissioner of revenue a receipt validation report including information about each contribution reported to the

Board since the last report. The validation report and receipt validation numbers are nonpublic data and private data on individuals. Effective for contributions made after December 31, 2026.

Section 6. Standards of conduct. Strikes language regarding a tax preparer's authority to assign a portion of the K-12 credit refund to an account without the taxpayer's name, given that assignability of the K-12 credit is repealed in section 14. Effective for taxable years beginning after December 31, 2025.

Section 7. Discharges of indebtedness; coerced debt. Provides a subtraction for the amount of discharge of indebtedness resulting from coerced debt for purposes of calculating Minnesota taxable income. Effective for taxable years beginning after December 31, 2024.

Section 8. Foreign service pension; retirement pay. Provides a subtraction for the amount of foreign service pension or retirement compensation received under specified pension systems, multiplied by the number of years of foreign service divided by the total years of civil service for which the taxpayer receives pension income. Excludes amounts claimed for this subtraction from being used in the calculation of the subtraction for public pension income under current law. Effective for taxable years beginning after December 31, 2024.

Section 9. Refund of contributions to political parties and candidates. Specifies that the commissioner of revenue must not issue a refund that exceeds the maximum refund amounts per calendar year. Allows a person to file a refund claim using an electronic filing system that must be established by the commissioner. As under current law, a person may continue to file a paper claim. The prohibition on filing one claim per year is eliminated. Each claim submitted must be for a minimum of \$10. Strikes language that is no longer necessary because of new language in this section.. Effective for contributions made after December 31, 2026.

Section 10. Definitions [renter's credit]. Creates a new definition of "combined exemption amount" for dependents for purposes of calculating income for the renter's credit. This new definition is necessary because, under current law, the definition of "income" for the renter's credit includes exemption amounts. The definition of "income" is reorganized to exclude the amount of discharged coerced debt. Effective for taxable years beginning after December 31, 2024.

Section 11. Definitions [short line railroad infrastructure modernization credit]. Adds definitions of "credit certificate" for purposes of the new certification and transfer provisions in section 12 and "eligible transferor" for purposes of allowing the credit to be claimed by a taxpayer that is part of a pass-through entity whose member, partner, owner, or shareholder is a short line railroad eligible for the credit. Effective retroactively to taxable years beginning after December 31, 2023.

Section 12. Credit certificates; written agreement required [short line railroad infrastructure modernization credit]. Modifies the process by which a credit certificate is issued and the credit transfer occurs. An eligible taxpayer would apply to the commissioner of transportation for a credit certificate, who must issue the credit certificate within 30 days of receipt of the application and provide a copy of the credit certificate to the commissioner of revenue. The credit certificate must state the number of miles of qualified railroad reconstruction or replacement expenditures and the total amount of the credit calculated according to a formula under current law. The commissioner must not issue more than one credit certificate to an eligible transferor in a taxable year. This section also modifies the process by which an eligible transferor may transfer a credit to another taxpayer. The transfer must be made by written agreement, which must state the amount of credit

stated in the credit certificate, or the entire amount of credit that is carried over in the five succeeding tax years. Requires the commissioner of revenue to issue a transfer credit certificate to a transferee, and strikes language requiring the transferee to be liable for credits claimed in excess of the allowed amount. Prohibits an eligible transferor from transferring a credit to an eligible transferee more than once in a taxable year. Effective retroactively to taxable years beginning after December 31, 2023.

Section 13. Definitions [alternative minimum tax]. Adds a reference to the foreign service pension subtraction in section 8 to the calculation of alternative minimum tax. Effective for taxable years beginning after December 31, 2024.

Section 14. Repealer. Repeals a reference to data regarding assignment of the K-12 credit in the data practices chapter and repeals the assignability of the K-12 credit in the income tax chapter. Effective for taxable years beginning after December 31, 2025.

Article 2: Property Taxes

Section 1. Exempt property used by private entity for profit. Provides that exempt property owned by a nonprofit conservation organization that is leased, loaned, or otherwise made available to an individual, corporation, or association for grazing activities that further the nonprofit conservation organization's conservation objectives for the property, remains exempt and a personal property tax is not imposed. Effective beginning with property taxes payable in 2026.

Sections 2, 7, and 8. Property used to distribute electricity to farmers; attachments and appurtenances. Clarifies that, except for substations and transmission or generation equipment, utility cooperatives' power distribution systems are exempt from property taxes. Effective for assessment year 2025 and thereafter.

Section 3. Certain property owned by an Indian Tribe. Establishes a permanent property tax exemption for property located in Minneapolis and owned by the Leech Lake Band of Ojibwe. Effective beginning with assessment year 2026.

Section 4. Certain property owned by an Indian Tribe. Establishes a permanent property tax exemption for five parcels in Cook County owned by the Grand Portage Band of Lake Superior Chippewa. Effective beginning with assessment year 2026.

Section 5. Homestead owned by or leased to family farm corporation, joint farm venture, limited liability company, or partnership. Increases, from 12 to 18, the number of allowable shareholders, members, or partners, for entity-owned agricultural homestead property. Effective beginning with homestead applications filed in 2025 and thereafter.

Section 6. Agricultural homesteads; special provisions. Expands the qualified relatives eligible for special agricultural homestead for purposes of unoccupied agricultural property to include the grandparents, stepparents, stepchild, uncle, aunt, nephew, and niece, of the owner or the owner's spouse. Effective beginning with assessment year 2026.

Section 9. Income; property tax refund. Provides that the amount of discharge of indebtedness resulting from coerced debt shall not be considered income for purposes of determining eligibility

for the property tax refund program. Effective beginning with property taxes payable in 2026 and thereafter

Article 3: Aids and Credits

Section 1. Report. Establishes a reporting requirement for recipients of public safety aid. Requires local units that received over \$10,000 in aid, counties, and Tribal governments to submit a report by January 15, 2026 to the commissioner of public safety. Requires the commissioner of public safety to compile the data and to submit in a report by February 15, 2026, to the legislative committees with jurisdiction over public safety and finance, taxes and property taxes. Effective the day following final enactment.

Section 2. 2023 aid penalty forgiveness; city of Stewart. Appropriates \$87,501.50 in fiscal year 2025 from the general fund to the commissioner of revenue to make a payment to Stewart in the amount of the city's withheld 2023 local government aid payment by June 30, 2025. Effective the day following final enactment.

Article 4: Public Finance

Section 1. Definitions. Modifies the definition of 'debt obligation' to include the construction of a court house or justice center, if connected to a jail, correctional facility, or other law enforcement facility. Under current law, bonds issues for jails, correctional facilities, and law enforcement facilities are eligible for the Credit Enhancement Program administered by the Minnesota Public Facilities Authority.

Section 2. Sections that apply if federal limit applies. Clarifies that the Minnesota Bond Allocation Act applies to bonds issued by economic development authorities that are required by federal law to obtain an allocation of the volume cap.

Section 3. Application for residential rental projects. Clarifies that for residential rental project allocations the period in which an issuer must permanently issue obligations shall be the earlier of: (1) 180 days of the allocation; or (2) the last business day of December.

Section 4. Application for all other types of qualified bonds. Clarifies that for all allocations, other than those issued for residential rental projects, the period in which an issuer must permanently issue obligations shall be the earlier of: (1) 120 days of the allocation; or (2) the last business day of December.



Senate Counsel, Research, and Fiscal Analysis provides nonpartisan legislative, legal, fiscal, and analytical services to the Minnesota Senate. This document can be made available in different formats upon request.

www.senate.mn/scrfa/home | 651-296-4791
95 University Ave. W., STE 3300, Saint Paul, MN, 55155