MINNESOTA CENTER for Fiscal Excellence

LEGISLATIVE SPOTLIGHT

Sound tax policy. Efficient spending. Accountable government.

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Unsurprisingly the pace of the 2021 session has picked a bit since the February forecast was released and will likely ratchet up a bit further when Governor Walz releases his supplemental budget this week. The state's fiscal fortunes have changed dramatically since his original budget was presented thanks to two rounds and nearly $3 trillion of federal intervention that flipped the state economic forecast from deficit to surplus. On top of that there is the nearly $7 billion in direct federal assistance expected to flow into state and local government coffers – much of which is likely to overlap to some extent with ongoing general fund obligations even though it is directed toward COVID recovery. While we might expect the Governor's tax ambitions to be ratcheted back in light of all this, his concern that this represents "one-time money" suggests some of his tax increase proposals are likely to remain intact – even though their fate rests with a highly uncooperative Senate. One thing is clear: his self-described "COVID Recovery Budget" is intended to be a lot more than a COVID Recovery Budget.

*Of course, the House and Senate have their own thoughts on tax policy which is slowly becoming clearer as bills are heard and laid over for consideration in omnibus tax bills. The accompanying table (see the last page) is our **very unofficial** legislative "layover smorgasbord" as of 3/15 – our tallying of the revenue impacts/price tags of all the bills up for possible inclusion so far in House and Senate omnibus tax bills. (To assemble the table, we used the revenue analyses put together by the Department of Revenue on their website on the understanding that Revenue prioritizes bills that get a hearing in the tax committee.) As the total indicates around $1 billion to date of enhanced credits, exemptions, and subtractions are probably in play on top of the Governor's own tax proposals.*

We also note in this issue that the Department of Revenue released its biennial Tax Incidence Study earlier this month. For our money, the most interesting finding about the state tax system is again confirmed: collectively all forms of state and local taxes on individuals are progressive. In other words, our highly progressive individual income tax (with a small assist from the estate tax and the property tax refund program) manages to offset the regressivity of every other form of individual taxation in the state. That's a claim few, if any, other states in the nation are be able to make. It also means business taxation is the source of the remaining regressivity in the state and local tax system.

The other finding again confirmed and we believe overlooked: the general property tax is less regressive than general sales taxes – even before applying Minnesota income-tested property tax refund which is the most accessible and generous in the nation. That finding is worth mentioning in the context of the prolific number of local option sales tax bills that have been introduced this session. It speaks to how much the dislike of the property tax is driven by its salience – people would much rather be nickel-and-dimed through the sales tax than pay through the property tax, for which local officials ostensibly must be held accountable at various public hearings.

BILL INTRODUCTIONS

We have made some changes in our organization and coverage of bill introductions. All bills will now come under the major headings of "Taxes" or "State & Local Govt" with the more specific description following in alphabetical order. We have expanded a few of the areas we cover in state and local government in order to follow proposals when they consider changes in the fiscal or governance structure of a policy area. With more minor and local bills, we will tend to gather them together as we did last issue [Spotlight 21-04] with the local sales tax bills, rather than write each one up individually. We have discontinued covering elections for the time being as we pick up these additional areas. Please let us know if you have any thoughts on these changes at bdeboer@fiscalexcellence.org.

Tax bills are listed first by tax type in alphabetical order, followed by state and local government topics in alphabetical order. Within each topic, House bills (HF--for "House File") are listed first, then Senate bills (SF--for "Senate File"). The bills are in numerical order within each chamber. Each bill heading contains the chief author and his or her political party, city or township of residence, and the last four digits of his or her capital office phone number. Note that "I" designates members of the Senate's Independent caucus. All members' offices have a 651 area code and 296 exchange unless shown otherwise.

TAXES – Admin & General Policy

This first portion of tax bills consists of more comprehensive bills. Additional bills with more than one tax in them will be noted in their headings and also listed alphabetically.
Unless otherwise noted, effective dates for bills are as follows:

- *Corporate franchise and individual income taxes: Tax years beginning after December 31, 2020*
- *Property tax: Taxes levied in 2021, payable in 2022*
- *Sales tax: Sales and purchases made after June 30, 2021*

HF 1732 (Agbaje, DFL, Minneapolis, 8659)
Establishes purpose statements in law for several tax expenditures enacted from 2014 to 2019. All language was previously included in prior legislation before getting stripped out in latter stages of the process before enactment of these tax expenditures. None of the language is intended to change the meaning of existing law.

This is part of the discussion of how we count tax expenditures – which often spend through the tax code – as part of a unified budget process that balances the purpose and value of government activities and interventions.

SF 1982 (Nelson, C., R, Rochester, 4848)
Directs the Department of Revenue to establish and implement a program for issuing private letter rulings (PLRs) to provide taxpayers with guidance as to how it will apply state law to a particular situation involving the taxpayer. The ruling is binding if: 1) there was no misstatement or omission of fact in the application or materials provided, 2) subsequently developed facts are not materially different from the facts on which the case was based, 3) All applicable statutes, rules and laws have not changed, and 4) the taxpayer acted in good faith in applying for and relying on the ruling. Broadens DOR's authority to decline to impose tax penalties or abate them. Rulings have no precedential effect for other taxpayers. Department must redact information that permits identification and publish on website. Requires biennial legislative report. Appropriates an undetermined amount of money to pay for the private letter ruling program.

The Department's recurring argument against PLRs – and other potential administrative changes that might be considered part of a "Taxpayers Bill of Rights" – has been the need to preserve equity in tax administration. Programs like this, they have argued, are only accessible to taxpayers with substantial resources. Yet, Revenue has for some time now placed a heavy emphasis on thinking about and treating taxpayers as its "customers". Ask any businessperson and he/she will tell you it is essential to take very good care of your biggest customers – which in this case includes the large multistate and multinational businesses that provide such large shares of business tax revenue to the state. Providing greater predictability and certainty for their decision-making in the highly complex tax situations they frequently face is an important pursuit and should not be viewed as preferential treatment. In our view, this isn't favoritism, just smart tax administration.

TAXES – Cannabis

SF 1640 (McEwen, DFL, Duluth, 4188)
Establishes a cannabis tax and legalizes it for recreational use. Comprehensive in scope.

Identical to HF 600 (Winkler) / SF 757 (Franzen). See Spotlight 21-03 (through 2/14/2021).

TAXES – Corporate & Individual Income

HF 1850 (Bierman, DFL, Apple Valley, 5506)
SF 2026 (Frentz, DFL, North Mankato, 6153)
Provides a temporary tax credit (2021-2023) for installing solar energy systems in businesses, homes, or farms. The maximum credit is $20,000 for a business and $5,000 for a home. If credit exceeds liability, it can carryover for up to 10 years. The credit is 15% in 2021; 13% in 2022; and 11% in 2023. Commissioner of revenue is limited to $5 million in credits per year, half of which must be for homesteads.

HF 1864 (Robbins, R, Maple Grove, 7806)
Includes the amount of interest on excess estimated tax paid in the calculation for tax refunds for S-corporations or partnerships.

HF 1907 (Davids, R, Preston, 9278)
SF 1867 (Nelson, C., R, Rochester, 4848)
Allows partnerships, limited liability companies (LLCs), and S-corporations to elect to calculate taxes as C-option corporations. The election may only be made by persons with more than 50% ownership. The highest individual income tax rate (9.85%) is used for calculating tax liability for those who use this option. Income received by partners, members, or shareholders from the entity filing as a C-option corporation is treated as a subtraction to individual income.

See HF 1909 below

HF 1909 (Davids, R, Preston, 9278)
SF 1883 (Nelson, C., R, Rochester, 4848)
Allows partnerships, limited liability companies (LLCs), or S corporations to elect to pay an alternative "pass-through entity" tax if they have a qualified subsidiary that is also an S corporation. The election may only be made by persons with more than 50% ownership. The pass-through entity tax is equal to the sum of the tax liability of each qualifying owner as calculated with the highest individual income tax rate (9.85%). Non-business deductions, standard deductions, or personal exemptions are only allowed to the extent allowed to the qualifying owner and must also be used to determine that owner's individual income tax. Does not negate the qualifying owner's requirement to pay estimated tax unless the qualifying entity pays composite estimated tax. An election to pay the pass-through entity tax does not change the owner's adjusted basis in the interest in the qualifying entity or treatment of distributions. Requires that a pass-through entity tax return be treated as a composite return, and that a qualifying entity filing a pass-through return be treated as a partnership filing a composite return. The pass-through entity tax liability calculated is a subtraction on the individual income tax.

An alternative approach to the SALT cap workaround. Compared to the C-option approach (HF 1907), this offers the advantages of avoiding the difficulty and complications of switching between two different tax regimes -- which is a particular problem when multi-year, state-specific provisions are involved -- while also providing more certainty regarding revenue impacts. As the Department of Revenue's revenue analysis of the bill notes, "because the amount of income reported on the individual income tax return is the same as under current law, the same amount of tax will be collected under the bill as under current law. The tax paid by the PTE will be offset by the refundable credit claimed by the shareholder, resulting in no change in revenue."

HF 1937 (Marquart, DFL, Dilworth, 6829)
Clarifies section 179 expensing conformity by specifying that no addition is required for property placed in service before January 1, 2020, including the addition for carryover amounts and the addition for property placed in service due to being a shareholder or partner in an S-corporation or partnership.

HF 1957 (Davids, R, Preston, 9278)
SF 1779 (Nelson, C., R, Rochester, 4848)
Identical to SF 1632 (also by Nelson, C.), but adds two more provisions: one is identical to section 179 expensing conformity like HF 1937 (Marquart) and SF 1691 (Rest); the other is an expanded exclusion from gross income for forgiven PPP loans by also applying the exclusion to the alternative minimum tax.

HF 1958 (Davids, R, Preston, 9278)
SF 1632 (Nelson, C., R, Rochester, 4848)
Allows partnerships, limited liability companies (LLCs), and S-corporations to elect to calculate taxes as C-option corporations. The election is binding for four years unless revocation is requested. If revoked, the qualifying entity cannot elect to file as a C-option corporation for the following four years. The election and revocation decisions may only be made by persons with more than 50% ownership. The highest individual income tax rate (9.85%) is used for calculating tax liability for those who elect this option. Income received by partners, members, or shareholders from the entity filing as a C-option corporation is treated as a subtraction to individual income. Specifies the subtraction cannot be refundable (less than zero compared to the tax liability). A resident partner, member, or shareholder of a qualifying entity that selects the C-option may also claim a credit for their pro-rata share of net income tax paid to another state. Excludes gross income and allowable deductions and expenses of paycheck protection program (PPP) loan forgiveness through December 27, 2020. Any carryover generated by a C-option subtraction cannot be claimed by a partner, shareholder, or member. Specifies distribution of credits and credit carryovers, refunds, and estimated tax payments.

HF 1959 (Davids, R, Preston, 9278)
SF 1778 (Nelson, C., R, Rochester, 4848)
Adopts federal changes related to the paycheck protection program (PPP). Excludes loans forgiven from gross income in calculating income, net income, or alternative minimum taxable income. Also allows for expense deductions.

HF 2114 (Marquart, DFL, Dilworth, 6829)
Defines controlled foreign corporations as domestic corporations if a shareholder is required to include global intangible low-taxed income in their gross income, and if the commissioner of revenue determines they are in a unitary group. Burden of proof is on the taxpayer if they believe the determination is incorrect. Requires that profit and loss statements be prepared in the currency of the regularly maintained books of the controlled foreign corporation, and that adjustments be made for P&L statements to conform to generally accepted accounting principles in the United States. Allows for worldwide election by the taxpayers of a unitary group if they account for the entire income and apportionment factors of each member of the unitary group, regardless of place of formation or incorporation. An election is binding for 10 years unless the group can demonstrate extraordinary hardship due to unforeseen circumstances and receive written permission from the commissioner. A withdrawal approved prior to 10 years is then binding for 10 years unless significant hardship to unforeseen circumstances is demonstrated again.

SF 1691 (Rest, DFL, New Hope, 2889)
Clarifies section 179 expensing conformity by specifying that no addition is required for property placed in service before January 1, 2020, including the addition for carryover amounts and the addition for property placed in service due to being a shareholder or partner in an S-corporation or partnership.

Identical to HF 937 (Marquart), but is not a companion bill.

SF 1780 (Nelson, C., R, Rochester, 4848)
Allows an employer and an employee a tax credit for parental leave equal to 25% of the amount of wages paid during any period while employee is on leave. For the employer, the credit is limited to the lesser of $3,000 or a 25% calculation depending on which method the employee is paid. For the employee, the forgone wages cannot exceed leave over six weeks multiplied by the lesser of a wage calculation or $1,000 multiplied by the county index value based on the 75th percentile from the most recent child care market rate survey. For employers, the credit has a five-year carryover if the refund exceeds the tax liability; for the employee it is a refundable credit.

TAXES – Corporate, Income, Insurance Premium

HF 1971 (Howard, DFL, Richfield, 7158)
SF 1866 (Nelson, C., R, Rochester, 4848)
Creates a housing tax credit contribution fund against corporate, income, and health care insurance premium taxes. Contributions of more than $100 up to $5 million receive a credit equal to 90% of the contribution. Contributions can be targeted to specific projects. Individuals who own or reside in the housing, or have significant ownership in a contributing business entity are not eligible to receive loans or grants. Must be certified by the MHFA commissioner. If annual tax liability is exceeded, the credit carries over for up to 10 years. Tax credits allowed to all contributors is $25 million per year. The tax credit contribution fund is established as a revolving fund in the state treasury. Up to 50% of the housing is targeted to low and moderate income: 35% must be for persons and families at 50% or less of the median income for the applicable county or metropolitan area, and 15% must be persons and families whose income is 30% or less of the area median income. Awards may be granted to cities, Indian

tribes, tribal housing corporations, private developers, nonprofit organizations, and housing authorities. Requires annual report to the committees with applicable jurisdiction.

HF 1975 (Lislegard, DFL, Aurora, 0170)
SF 1986 (Tomassoni, I, Chisholm, 8017)
Creates a film production credit of 25% of eligible production costs in a year for costs of $1 million or more. Eligible production costs include the following:

- a story and scenario to be used for a film;
- salaries of talent, management, and labor, including payments to personal services corporations;
- set construction and operations, wardrobe, accessories, and related services;
- photography, sound synchronization, lighting, and related services;
- editing and related services;
- rental of facilities and equipment;
- other direct costs of producing the film in accordance with generally accepted industry practice;
- above-the-line talent fees for nonresident talent; or
- costs incurred during postproduction.

Maximum per year in credits certified by the commissioner of revenue is $25 million. If the credit exceeds tax liability for the year, it can be carried over for up to 5 succeeding years. The credit may also be claimed against health insurance premium taxes. If the entire amount is not allocated, any remaining amount can be allocated in the four following years. Requires a report by March 15, 2023 to tax and economic development committee ranking members. Credits and allocations sunset on December 31, 2030.

TAXES – Estate

HF 1689 (Gomez, DFL, Minneapolis, 7152)
Creates an addition on non-taxed capital gains under IRS definition when gains exceed $1 million at time of death. The gain is the amount that would be counted as gross income if the asset were sold at time of death as part of the gross estate. Grants automatic extension of 275 days with an additional 180 days if good cause exists.

TAXES – Individual Income & Property

HF 1735 (Youakim, DFL, Hopkins, 9889)
SF 1850 (Klein, DFL, Mendota Heights, 4370)
Increases property tax refunds for homeowners and renters. Increases the amount of income included in each percent of income threshold, and reduces the amount of tax paid by the claimant in excess of those thresholds. Maximum refund for homeowners increases from $2,770 to $3,150 and for renters from $2,150 to $2,250. Household income maximum to receive some credit increases from $113,150 to $118,620 for homeowners and from $61,320 to $64,290 for renters.

The last bump in the refund programs occurred in 2013 (although 2014 featured an additional one-time increase). The Minnesota property tax refund is the most efficient and equitable way to deliver ongoing property tax relief to Minnesotans. Easily the most robust refund in the nation, this approach avoids unwanted and ill-advised shifts in property tax burden and avoids adding administrative complexity at the county level – as many other property tax relief proposals in recent years do. Minnesota's refund is estimated to be $584.5 million for about 550,000 homeowners in 2021 (see page 44) and $230 million for about 330,000 renters. For an idea of the impact of the refunds, see page 2 of this House Research brief.

TAXES – Income, Property, Sales

HF 2143 (Marquart, DFL, Dilworth, 6829)
SF 1935 (Housley, R, Stillwater, 4351)
Provides a property tax credit, an income tax subtraction, sales tax exemptions and refunds, and grants from DEED to live entertainment venues. The venue must have received at least 33% of its business revenue in 2019 from the sale of tickets or live events, or be directly reliant on ticketed live entertainment events but receive revenues from other sources than tickets because the event is free to the general public. Provides a property tax credit for taxes payable in 2020 and 2021. Leaves the percent of the refund open for now, but specifies that the refund can be refundable if it exceeds the property tax liability for a single year. The business or nonprofit must have no more than 60 full-time employees who worked on average 30 hours per week or 130 hours per month. Principal place of business must be in Minnesota and the applicant cannot have any tax delinquency with the Department of Revenue. Authorizes grants for 2020-2021 up to $500,000 or 25% of the operation's gross revenue for 2019, whichever is less. Includes liquor license fee refunds paid to a city, county, or state agency in 2020 if the business was restricted by COVID-19 executive orders. Allows an income tax subtraction for eligible grants included in gross income and sales tax refunds for 2020 and 2021.

This is the Minnesota "Save Our Stages" bill and focused on particular venues that may have been overlooked so far. It also comes on the heels of Save Our Stages Act, signed into law on Dec. 27 as part of Congress's Covid relief package. At $15 billion, the legislation has been described as the biggest show of federal support for arts and culture in U.S. history.

TAXES – Individual Income

HF 1704 (Gruenhagen, R, Glencoe, 4229)
Establishes an income tax credit for donations to emergency medical service providers by defining the donations as charitable

by IRS code. The credit is 25% of contributions up to $400 for an individual and $800 for married joint filers. The credit is not refundable.

HF 1706 (Gruenhagen, R, Glencoe, 4229)
Allows an income tax subtraction for medical care that would otherwise be available for a federal Medicaid match or amounts paid for insurance that are currently deductible under federal law up to 7.5% of gross income. The subtraction does not include amounts that are compensated by an insurer, reimbursed by an employer, or are used to compute the long-term care credit.

HF 1707 (Gruenhagen, R, Glencoe, 4229)
Allows an income tax subtraction for charitable health care services provided by a medical professional, dentist, or chiropractor if the service would be available for a federal Medicaid match. Requires the professional to file a report documenting the value of the services and allows businesses employing the professional to also file a report documenting the value of the services.

HF 1716 (Koegel, DFL, Spring Lake Park, 5369)
SF 1766 (Howe, R, Rockville, 2084)
Allows an income tax subtraction for mileage reimbursement of volunteer drivers.

HF 1731 (Agbaje, DFL, Minneapolis, 8659)
SF 1945 (Dziedzic, DFL, Minneapolis, 7809)
Limits the value of itemized deductions to $25,000 per year for individual filers and $50,000 per year for married joint filers.

A "fair share taxation" proposal coming through the back door. According to the Department of Revenue, the number of itemizers in the state dropped from 36% to just 11% in 2018.

HF 1775 (Dziedzic, DFL, Minneapolis, 7809)
Conforms with the federal Taxpayer Certainty and Disaster Relief Act of 2019 as part of further consolidated appropriations in 2020. Excludes discharge of homestead indebtedness from gross income for the purpose of calculating net income and from alternative net taxable income.

HF 1821 (Hansen, R., DFL, South St. Paul, 6828)
SF 1916 (Klein, DFL, Mendota Heights, 4370)
Conforms to federal charitable contribution under the CARES Act of 2020 to allow special charitable contribution deductions for those who don't itemize.

HF 1834 (McDonald, R, Delano, 4336)
Allows an unlimited social security subtraction.

HF 1922 (Munson, R, Lake Crystal, 4240)
Requires income tax refunds for up to $2,000 for married joint filers and $1,000 for all other filers for the sum of the tax years 2019 and 2020. The credit is not refundable if it exceeds tax liability for the sum of the two years.

HF 2006 (Her, DFL, St. Paul, 8799)
SF 1842 (Murphy, E., DFL, St. Paul, 5931)
Expanding eligibility for the working family credit by allowing tax identification numbers in addition to Social Security numbers for eligibility. Increases the percent of qualifying income and the phaseout threshold for each filer group. (See table)

Children	% Income Increase	Eligible Income Increase	% Increase of Phaseout
0	3.9% to 7%	$190	2% to 3.5%
1	9.35% to 11%	$320	6% to 7%
2	11% to 13%	$520	10.5% to 12.3%
3	12.5% to 14.8%	$530	10.5% to 12.3%

HF 2090 (Lueck, R, Aitkin, 2365)
SF 2019 (Ruud, R, Breezy Point, 4913)
Phases in a full income tax subtraction for Social Security benefits over 4 years at 25% per year.

HF 2091 (Sundin, DFL, Esko, 4308)
SF 1668 (Rarick, R, Pine City, 1508)
Expands the income tax subtraction for military retirement pay to include the total amount of federal employee retirement system pension multiplied by the taxpayer's military service ratio.

SF 1527 (Klein, DFL, Mendota Heights, 4370)
Allows taxpayers to use federal taxpayer identification numbers for homestead applications and to receive the following income tax credits: the beginning farmer management credit, the dependent care credit, the working family credit, and the education credit.

TAXES – Motor Fuels

HF 1878 (Petersburg, R, Waseca, 5368)
SF 1602 (Howe, R, Rockville, 2084)
Imposes an electric fuel tax of 5 and 1/10th cents per kilowatt hour distributed by a utility to charge electric vehicles at a public or private parking space. For both a public parking space or a private parking space that is a residence, the utility must collect the tax at the time the fuel is distributed and submit all proceeds to the commissioner of revenue on a monthly basis for deposit into the highway user tax distribution fund. The utility is liable for the tax whether they choose to impose it or not. Each utility must provide a residential customer with billing statements of the amount of tax collected. Provides exemptions mainly to medical related transit and transportation services. Repeals the $75 surcharge on all-electric vehicles.

We would be interested in seeing an analysis of the magnitude of this additional tax on home electricity bills when using it to charge personal vehicles and how that equates to the gas tax in terms of road usage.

TAXES – Property (w/o Aids, Credits, Refunds, or TIF)

HF 1741 (Berg, DFL, Burnsville, 5387)
SF 1654 (Port, DFL, Burnsville, 5975)
Increases the market value exclusion for disabled veterans in cases where both individuals of married couples would qualify for the exclusion individually. In these cases, the exclusion would now combine the exclusion amount as long as both spouses permanently reside at the residence and both hold title to the property. Upon the death of one spouse, the property continues to receive the combined exclusion until the surviving spouse remarries, sells, transfers, or otherwise disposes of the property. Exclusion amounts are $150,000 for a disability rating of 70% or more and $300,000 for a total (100%) permanent disability.

HF 1812 (Becker-Finn, DFL, Roseville, 7153)
Exempts property owned by an Indian tribe in Le Sueur County retroactive to assessment year 2019.

HF 1842 (Nelson, M., DFL, Brooklyn Park, 3751)
Limits the duration of conservation easements that burden 500 acres or less to 15 years, and sets rules for release and purchase of the easement if taxes on the property burdened by the easement are delinquent. Specifies that a tax is imposed on property that is acquired for conservation purposes by a nongovernmental organization using state funds and subsequently transferred to a state agency or the MnSCU Board of Trustees. The property is taxed as rural vacant land.

HF 1932 (Youakim, DFL, Hopkins, 9889)
Specifies land that was split-classified under the law for rural vacant land does not violate its enrollment in the Sustainable Forest Incentive Act.

HF 2096 (Sundin, DFL, Esko, 4308)
SF 2008 (Rarick, R, Pine City, 1508)
Authorizes a fire and ambulance special taxing district for the cities of Cromwell and Wright by city resolution. Any contiguous city or town may join the district with agreement of the towns and cities that are in the district at that time. Initially, the board must be made up of an elected member of each city or town. Specifies levy authority, use of levy proceeds, powers, and process for additions and withdrawals.

HF 2120 (Lislegard, DFL, Aurora, 0170)
Reduces the state general property tax on commercial-industrial and cabin properties from $737 million to $717 million for 2022 and thereafter.

The proposed reduction to the overall levy matches the cost of exempting another 50k of value, so the bill is another shift of state tax burden away from small business property owners onto larger owners. Nevertheless, the bill is notable for the authorship. Rep Lislegard is the DFL Vice Chair of the House Tax Committee and the DFL has historically had a strong interest in increasing this tax through various means.

SF 1526 (Klein, DFL, Mendota Heights, 4370)
Allows use of individual tax identification numbers in lieu of Social Security numbers for homestead applications.

SF 2002 (Dibble, DFL, Minneapolis, 4191)
Allows homesteads in community land trusts to be classified as 4d property. Requires the land trust to annually certify to the county assessor that the homesteader is in good standing.

Land trusts in Minnesota are limited to 80% of median income either by county, area, or state measure, so there is some targeting to this shift that would possibly increase ability to hold property for low and moderate incomes. The reduction in class rate would be significant as the first $100,000 in value for 4d property is taxed at 0.25% compared to 1.00% for residential homestead property (4d property is MHFA certified low-income housing). Over $100,000 in value, 4d property is taxed at 0.75%, still less than the homestead rate. Increasing property ownership has a long history of leading to more community stability, and that significant benefit should be weighed against the magnitude of the shift and how closely the 80% measure represents need over time.

TAXES – Property: Aids, Credits, Refunds

HF 1791 (Gomez, DFL, Minneapolis, 7152)
Establishes local homeless prevention aid with an annual appropriation of $55 million. The aid is distributed to counties based on each county's percent share of homeless students based on the most recent Department of Education data. Requires targeting of aid to families with pre-K through 12 children who are:

- Living in overcrowded conditions in their current housing;
- Paying more than 50% of their income for rent; or
- Lacking a fixed, regular, and adequate nighttime residence.

Requires targeting of unaccompanied youth in need of alternative residence and connection of families with social service resources to maintain home stability.

HF 1882 (Rasmusson, R, Fergus Falls, 4946)
SF 1827 (Ingebrigtsen, R, Alexandria, 8063)
Increases LGA for Fergus Falls by $574,000 per year for aids payable in 2022 and 2023.

HF 1900 (Bahr, R, East Bethel, 2439)
Creates a distribution from the state general levy on commercial industrial property to "low-aid" municipalities in the metro area. Defines low-aid municipalities as cities that:

- Have a population under 5,000;
- Do not receive a municipal street-aid street fund distribution;
- Do not receive city LGA; and
- Are net contributors under fiscal disparities.

HF 1921 (Gomez, DFL, Minneapolis, 7152)
SF 2120 (Dziedzic, DFL, Minneapolis, 7809)
Offers property tax relief to properties damage by fire and vandalism in Minneapolis and St. Paul and surrounding communities from May 24, 2020 to June 16, 2020 as defined in the peacetime emergency in [Executive Order 20-64](). The qualifying properties must have damage equal to at least 25% of the property's estimated market value (excluding the value of the land), and cannot have received an abatement or credit for 2020. For damage amount between 25% and 50% of non-land value, the abatement is equal to 50% of property tax due; for damage amount over 50%, the abatement is equal to 100% of property tax due. After required reassessment, estimated market value for properties receiving the abatement may not increase until 2025. Abatements are certified by the county auditor and reimbursed by the commissioner of revenue for all local governments except school districts, which are reimbursed by the commissioner of education. The state is not reimbursed for loss of state commercial-industrial property taxes due to abatement.

This is a fairly targeted approach – through the property tax system – to respond to the impact of civil unrest and get at who really suffered the economic impact. The state forgoes its portion of the property tax on business properties (which is a unique tax among all the states in that it is deposited in the state general fund with no stipulations). This legislation would essentially shift that fiscal capacity from the "black hole" of state general expenditures to target business properties and general commerce in the affected corridors.

HF 2166 (Akland, R, St. Peter, 8634)
Accelerates local government aid (LGA) payment dates for cities and towns in 2021 to June 30 or before.

This shifts the tables a bit on the state, where the bottom line has often benefited on shifts in their favor (school districts and accelerated sales tax payments in particular). Just for 2021, though, not a permanent shift.

SF 1696 (Housley, R, Stillwater, 4351)
Establishes "electric generation transition aid" as a new city aid in the LGA formula. Specifies this aid to target cities that lose tax base due to a decline in use of coal for producing energy. Beginning in 2022, the aid has a minimum of $1 million in the third year.

TAXES – Property: Tax Increment Financing

HF 1736 (Fischer, DFL, Maplewood, 5363)
Allows municipalities to transfer unobligated increments from a TIF district to its general fund for 2021 and 2022. The municipality must first create a written spending plan that authorizes the transfer and details use of the transferred increment. Requires a public hearing, with notice from 10-30 days in advance, after which the aforementioned spending plan and modifications to the TIF plan are written and submitted to the State Auditor. Increments cannot be transferred after December 31, 2022 and if the increments are not spent by that date, the municipality must adopt an additional plan detailing use of the increments. Extends the five-year rule to 10 years for districts certified in 2020 and 2021. Permanently changes pooling requirements for housing trust funds established by municipalities, allowing use of up to 25% of increment outside of the district (current law is 10%) and eliminating annual reporting to the Office of the State Auditor and the Department of Revenue.

We assume the first two temporary provisions are to help cities navigate the world after COVID-19. Ability to transfer increment to the general fund would otherwise be a very questionable policy change in our view. It could also be understandable that some districts will have more trouble getting activities moving within five years because of COVID, but we aren't sure that doubling the length for all 2020-21 districts to 10 years is needed. More affordable housing in many cities is a very real need and a couple cities are seeking special law changes this year in the pooling requirements to support housing trust funds, however, even assuming these municipal housing trust funds are all well-constructed and appropriately targeted across the state (that might be MHFA parameters we aren't knowledgeable about), the permanent changes – to more than double spending outside the district and drop reporting requirements for those activities – is a major change for something that currently requires a special law. Since current law requires that 75% be spent within the district, this essentially captures the rest of the capacity for housing trust funds, if they can use it and it isn't already captured elsewhere by special law or circumstance. Even if many cities would welcome this emphasis, it also has state policy implications worth considering.

HF 1855 (Heinrich, R, Anoka, 1729)
SF 1753 (Abeler, R, Anoka, 3733)
Extends the five-year rule under which activities must commence for TIF District #14 in Ramsey by five additional years until November 28, 2026.

HF 1903 (Hertaus, R, Greenfield, 9188)
SF 1921 (Osmek, R, Mound, 1282)
Allows TIF District #6 in Wayzata to use increment for public infrastructure associated with the Panoway on Wayzata Bay project, including public access. Treats design and construction of a lakefront pedestrian walkway and public access infrastructure as part of TIF District #6.

HF 1970 (Howard, DFL, Richfield, 7158)
SF 1711 (Wiklund, DFL, Bloomington, 7-8061)
Allows Bloomington to create some special provisions for two possible TIF districts on American Boulevard and 98th and Aldrich. Specifies that the districts will meet the redevelopment

district law to spend 90% within the district and allows expenditures on underground or overhead power lines and related utility infrastructure.

TAXES – Sales
STATE & LOCAL GOVT – Admin & General

SF 2015 (Dibble, DFL, Minneapolis, 4191)

Titled the PROMISE Act in response to the civil unrest of 2020. Creates a Metropolitan Redevelopment Corporation, among other activities, and imposes a new regional sales tax to fund redevelopment within each county in the metro area.

Identical to HF 6 (Noor) / SF 165 (Champion). See Spotlight 21-01 (through 1/18/2021).

TAXES – Sales

HF 638 (Koegel, DFL, Spring Lake Park, 5369)
SF 1625 (McEwen, DFL, Duluth, 4188)

Imposes a "luxury vehicle surcharge" on top of the 6.5% sales tax on automobiles, pick-up trucks, and recreational vehicles. The tax is a 4% "luxury increment" that is calculated by the purchase price of the motor vehicle minus 200% of the most recent average purchase price of all motor vehicles in each category.

A vehicle would have to be more than twice the average purchase price for this tax to apply.

TAXES – Tobacco

HF 1721 (Schultz, DFL, Duluth, 2228)
SF 1774 (Dziedzic, DFL, Minneapolis, 7809)

Includes electronic delivery devices in definition and taxation of tobacco products. Definitions include the components of the device and the substances used, but does not include batteries and chargers if sold separately. Increases the tax rate from 15.2 cents to 22.7 cents (or 227 mills) on each cigarette, and raises the tax on distributors from 95% to 97% of the wholesale sales price. Raises the tax on premium cigars from $0.50 to $5 per cigar. Imposes a floor stocks tax on every person engaged in tobacco business as a distributor, retailer, subjobber, vendor, manufacturer, or manufacturer's representative. The tax is 75 mills per cigarette plus a weighted average retail price adjustment. The tax is based on stamped cigarettes and unaffixed stamps in the person's possession on July 1, 2021 (the bill's effective date), and returns must be filed by July 11, 2021 with taxes paid by August 8, 2021, after which a monthly interest rate of 1% is applied. Credits $15 million annually to a newly created tobacco use prevention and cessation special revenue fund.

On the face of it, this bill seems designed to measurably reduce tobacco use by increasing the price significantly, and, beyond that to use some of the resulting revenue for more options and activities to help with prevention and addiction to reduce tobacco use.

STATE & LOCAL GOVT – Admin & General

HF 1696 (Baker, R, Willmar, 6206)

Appropriates $200 million to fund emergency loans to hospitality businesses in Minnesota, including bars, restaurants, hotels/motels, resorts, campgrounds, catering/event planning companies, and golf clubs. Maximum loan is $50,000. Loans are interest free, up to 50% may be forgiven, and payments may be deferred for 24 months after issuance.

HF 1784 (Noor, DFL, Minneapolis, 4257)
SF 2082 (Champion, DFL, Minneapolis, 9246)

Requires a report on the effectiveness of small business support programs administered by DEED. Directs particular assessment of effectiveness for BIPOC, women entrepreneurs, and small business owners. Requires examination of loans, grants, and consulting services provided to entrepreneurs and business with less than 300 employees for FY 2018 through FY 2021. Specifies quantitative and qualitative elements to be included and requires a report by January 15, 2023. Requires consultation with a diverse advisory group to complete the study and report.

HF 1914 (Youakim, DFL, Hopkins, 9889)
SF 1981 (Nelson, C., R, Rochester, 4848)

Appropriates $50 million in FY 2021 to counties to provide grants to local places of public accommodation required to close under Executive Order 20-99. Each county will receive a minimum of $100,000 or a per capita amount based on 2019 population estimates. Each county may use 2.5% of amount received or $6,250 for administrative costs. Grants may be awarded to businesses owned by tribal governments on tribal lands if they voluntarily complied with Executive Order 20-99. The organization must have no current tax liens on record with the secretary of state to receive a grant.

HF 2029 (Nelson, M., DFL, Brooklyn Park, 3751)
SF 1834 (Kiffmeyer, R, Big Lake, 5655)

Changes the deadline for the November forecast to December 6.

HF 2030 (Nelson, M., DFL, Brooklyn Park, 3751)
SF 1835 (Kiffmeyer, R, Big Lake, 5655)

Eliminates the clean water fund as the fifth priority for uses of a positive state fund balance up to $22 million in fund transfers.

HF 2066 (Koegel, DFL, Spring Lake Park, 5369)
SF 2083 (Champion, DFL, Minneapolis, 9246)

Creates "Launch Minnesota" within the Business and Community Development Division of DEED to encourage new private sector technologies to support science and technology policies under state law. Provides innovation and entrepreneur education grants focused on applicants who are minority, women, veterans, or located in Greater Minnesota. Establishes an advisory board and specifies DEED commissioner duties, staffing, application, and grantmaking processes.

Nearly identical to an article of the governor's budget for DEED in HF 1342 (Noor) / SF 1098 (Pratt). Provides additional preference to minority applicants than the governor's proposal and does not repeal special incumbent worker training grants.

HF 2101 (Franke, R, St. Paul Park, 4342)

Reduces salaries of house member and senators by 10% for FY 2022-2023.

HF 2102 (Franke, R, St. Paul Park, 4342)

Requires the house and the senate to create pathways for legislators to donate some or all of their salary to Minnesota nonprofits. Donations are not deductible.

HF 2107 (Nash, R, Waconia, 4282)

Requires city and township approval for the governor's nominees to the met Council. Requires the governor to select Met Council nominations from the list provided by the nominating committee, which the governor forms under current law and must include three local elected officials. Requires the governor to provide written notice to all local governments in the district for each nominee. Each local government has 90 days to pass a resolution in support or opposition to the nominee. If a majority of cities and towns do not pass a resolution in support of the nominee, the governor must withdraw that nominee and return to the nomination committee list or request a new list. A local government that does not pass a resolution is deemed to oppose the candidate, so the governor must receive positive resolutions from a majority of all local governments in the district, not just those sending resolutions. Retains requirement for advice and consent of the senate if the majority of resolutions are positive. Allows for a majority of local governments to remove a council member by resolution. If one local government transmits a resolution to remove a council member to the Met Council chair, the chair must inform all local governments in that district within 10 days and if a majority of all cities and towns send a resolution to remove the member within 90 days, the member is removed.

HF 2139 (Noor, DFL, Minneapolis, 4257)
SF 2059 (Abeler, R, Anoka, 3733)

Creates the microenterprise development program within DEED for disadvantaged entrepreneurs who are low-income or otherwise lack adequate access to capital, including Minnesota family investment program participants who are self-employed. Targets those who are 80% of median income or below and have no more than 5 employees. A revolving loan fund is established for maximum loans of $25,000 that may be at zero interest. Funnels the grant funding through nonprofit microenterprise development organizations that provide services to disadvantaged entrepreneurs and may retain up to 10% for administrative costs. Appropriates $5 million per year in FY 2022 and FY 2023 – $3.75 million per year from the Temporary Assistance for Needy Families (TANF) human services funding and $1.25 million per year from the general fund. $500,000 in annual funding is to provide technical assistance and outreach to nonprofit development organizations. Requires reporting to the legislature on the demand for services under the program, the types of applicants and a list and purpose of all loans made.

HF 2157 (Munson, R, Lake Crystal, 4240)

Creates the Legislative Commission on Presidential Executive Orders. The commission is made up by the members of the Legislative Advisory Committee (LAC) and adds ranking minority members to the current makeup of the commission. Authorizes review of any presidential order that has not been affirmed by Congress and allows the LAC to order the governor and the attorney general to further investigate the constitutionality of the order and whether the state should seek an exemption and attempt to have the order declared unconstitutional. Authorizes the commission to order the attorney general to initiate proceedings seeking to declare an order unconstitutional. Prohibits local governments and other publicly funded organizations from implementing an order that restricts a person's rights or that the attorney general has determined unconstitutional if it relates to:

- Pandemics or other health emergencies;
- Regulation of natural resources, including coal and oil;
- Regulation of the agriculture industry;
- Use of land;
- Regulation of the financial sector relating to environmental, social, or governance standards; or
- Regulation of the constitutional right to bear arms.

SF 1564 (Rosen, R, Vernon Center, 5713)

Expands the Legislative Advisory Commission (LAC) to include minority leaders from the house and the senate, the ranking minority members of the senate Committee on Finance and the house Ways and Means Committee, the president of the senate, and the ranking minority members of the committees with budget jurisdiction for the particular issue under consideration. The positions of chairs and ranking minorities of particular budget committees on the commission will rotate without regard for who is in the majority in either body. Requires the commissioner of management and budget, who is secretary of the commission, to post to the MMB website all actions of the commission and that the commission meet upon the call of the governor or at the request of two or more of the commission's members. Specifies that LAC authority applies to expenditures of all federal money unless specifically exempt. Requires requests to the legislature to spend federal funds to be reviewed by the LAC before state agencies can expend them, in addition to existing requirements that request be submitted by the governor to the legislature either 10 days before the start of a legislative session or 20 days before legislative deadlines for budget committees to act on finance bills. Adds new requirements when a member of the LAC requests further review of a federal funds request. A member may request a public meeting within 20 days of the request submittal for the LAC to review the proposed expenditure, which the chair must call within 10 days. If the LAC produces a negative opinion, the state agency cannot spend the funds. Specifies "urgencies" that supersede this authority are when the expenditure would prevent imminent harm to life or property, or when failure to encumber would result in loss of federal funds.

Since the Minnesota legislature is currently split between the two parties, these changes would have greater bipartisan impact if one party controls both chambers in the future. Additional authority for one member to force a public hearing could produce greater accountability, but could also "gum up the works" with political grandstanding.

SF 1914 (Koran, R, North Branch, 5419)
Creates a pilot program to develop and implement experiential training for managerial positions in state government. Part of the requirement is for managers to periodically work shifts in those positions over which they have authority. Requires the commissioner of MMB to contract for pilot programs with a private business consulting service with demonstrated expertise in experiential training. Specifies the following pilots:

- Managers in the Department of Corrections with oversight of guards in correctional institutions;
- Managers in DHS with oversight of employees in group home settings; and
- Managers in MnDOT with oversight of employees in road and bridge construction.

Specifies steps for development, implementation, and identification of further managerial positions within the agency. Requires completion of pilot projects by July 1, 2024; reports due by August 1, 2024; and implementation of experiential training regimes by January 1, 2025. Includes an open appropriation.

STATE & LOCAL GOVT – Education

HF 1697 (Marquart, DFL, Dilworth, 6829)
SF 1471 (Weber, R, Luverne, 5650)
Establishes rural career and technical education (CTE) consortiums and provides grants to:

- Focus on development of programs that encourage collaboration between two or more school districts;
- Develop new programs that focus on industry sectors that fuel the regional economy;
- Facilitate highly trained students with the workplace skills needed by regional employers;
- Improve access to for students in sparsely populated areas;
- Increase family and student awareness of courses and training opportunities; and
- Provide start-up costs for facilities such as mobile welding labs, medical equipment and labs, and industrial kitchen equipment.

A CTE consortium may also address teacher shortages through incentive funding and training programs and provide transportation reimbursement grants. A consortium is a voluntary collaboration between at least one Greater Minnesota service cooperative and other regional public and private partners, including school districts and higher education institutions. A consortium must establish an advisory committee and provide annual reports to receive funding.

HF 1939 (Mariani, DFL, St. Paul, 9714)
SF 1964 (Kunesh, DFL, New Brighton, 4334)
Increases basic education revenue by indexing it to English learner concentration and English learner basic revenue. Directs the increased revenue as follows: 25% to school districts; 50% to the Department of Education to increase support and accountability for English learner staff and programs; and 25% to the department to create and maintain an English learner parent and community advisory council. Students identified as having limited or informal education are allocated revenue at 1.5 times the amount of English learner basic and concentration revenue.

SF 1804 (Duckworth, R, Lakeville, 7633)
Authorizes school districts to renew expiring referendums if: 1) the per-pupil amount is the same as the expiring referendum; 2) the term is not longer than the expiring referendum; and 3) the school board has adopted a written resolution and allowed public testimony.

SF 1829 (Chamberlain, R, Lino Lakes, 1253)
Abolishes the Perpich Center for Arts Education after the 2021-2022 school year and creates a Perpich arts education specialist position in the Department of Education to develop curriculum and practices; disseminate information on arts education opportunities; provide materials, training, and assistance to school districts; and serve as department liaison to national organizations for arts education. Provides procedures for closure and conveyance of property to the state. Provides grants to the MacPhail Center to broaden access to music education in Minnesota in collaboration with the Perpich arts education specialist.

SF 2025 (Nelson, C., R, Rochester, 4848)
Allows a charter school authorizer to assess a fee equal to the basic formula allowance for each additional operational school building.

STATE & LOCAL GOVT – Health & Human Services

HF 1173 (Lippert, DFL, Northfield, 0171)
SF 1563 (Murphy, E., DFL, St. Paul, 5931)
Expands requirements for hospital closings, and adds cessation or relocation of services to closure requirements. Notification to the commissioner of health for voluntary closings, relocations, or cessation of maternity and newborn care, intensive care, inpatient mental health, or inpatient substance abuse is lengthened from 90 days to nine months. The commissioner must then hold a public hearing at least six months before the proposed closure or changes, and the controlling persons must explain the reasons for the changes and the actions they will take to ensure continued services to residents in the service area. The hearing must also include an opportunity for public testimony and for the controlling persons of the facility to receive questions from the public. Establishes first right of refusal, whereby the controlling entity that proposes closing a hospital must make a good faith offer to sell or convey the hospital at a price that does not exceed fair market value. A party to whom an offer is made must respond within 60 days.

HF 1747 (Boldon, DFL, Rochester, 9249)
SF 1574 (Wiklund, DFL, Bloomington, 7-8061)
Increases the maximum rate paid for child care assistance from 25% of the 2018 child care provider rate survey in any county or county price cluster to 75% of the most recent provider rate survey. Directs the MMB commissioner to include the state obligation for basic sliding fee child care assistance in the November and February forecasts beginning in November 2021.

HF 1772 (Frazier, DFL, New Hope, 4255)
SF 1643 (Marty, DFL, Roseville, 5645)
Creates the Minnesota Health Plan to guarantee that health care is available and affordable for every Minnesotan. Requires that the health plan provide health care coverage for all Minnesota residents that covers all necessary care without copays and based on the ability to pay. Requires that patients can choose their providers and that costs are reduced through negotiation of fair prices and cutting of administration rather than denying or restricting care. Requires a focus on preventive care and early intervention while ensuring that there are enough providers to guarantee timely access to care, in part through providing adequate and timely payments. Requires a simple funding and payment system. Specifies eligibility and minimum benefits which may be expanded. Requires primary care providers for every patient with access to coordinated care, but does not require referrals to see specialists. Establishes the Minnesota Health Board to govern the Minnesota Health Fund, which is a revolving fund exclusively used to fund the Minnesota Health Plan. Specifies revenue sources, including development of an equitable and affordable premium structure based on income, including unearned income, and a business health tax. Provides for comprehensive collection of health care costs from collateral sources when other payers have been terminated. The 15-member Minnesota Health Board governs the plan and is made up of a representative selected by each of 5 rural regional health planning boards and 3 representatives from metro regional health planning boards. These boards are created under the new law. In addition, the Minnesota Health Board must include one patient member and one employer member, along with five provider members that include a physician, a nurse, a mental health provider, a dentist, and a facility director. In addition to the regional health planning boards created under the health board, an Office of Health Quality and Planning is created to assess the quality, access, and funding adequacy of the Minnesota Health Plan. Creates a conflict of interest committee, an Ombudsman Office for Patient Advocacy, a grievance system, and an auditor general for the Minnesota Health Plan within the Office of the Legislative Auditor. Requires the health plan to be operational within two years of passage.

Identical bills were introduced in the senate: SF 1644 (Torres Ray); SF 1645 (Murphy, E.); SF 1646 (Carlson, J.); and SF 1647 (Hawj).

SF 2010 (Marty, DFL, Roseville, 5645)
Requires an analysis and report to assist the legislature in evaluating the costs of a universal health care system compared to the existing health care system. Directs the commissioner of health to contract with the University of Minnesota's School of Public Health and the Carlson School of Management. Directs the commissioner of health, in consultation with the commissioners of commerce and human services, to submit a universal health care plan with specific elements to the contractors for comparison (see HF1774 / SF1643). The analysis must measure performance for a 10-year period on comprehensive elements of total public and private health care spending and outcomes. Appropriates $500,000 in FY 2022 and requires report by January 15, 2023.

STATE & LOCAL GOVT – Resources, Waste, Energy

HF 1733 (Hansen, R., DFL, South St. Paul, 6828)
Allows counties to impose an additional $25 fee per transaction on the recording or registration of a mortgage subject to the mortgage tax or a deed subject to the deed tax. Deposits the fee in a special soil and water conservation district account. A county must impose this fee to be eligible for grants funded by the clean water fund and have 75% of the county covered by water management organizations with levy authority.

HF 1750 (Christensen, DFL, Stillwater, 4244)
SF 1566 (Housley, R, Stillwater, 4351)
Creates the Energy Transition Legacy Office within DEED which must remain in existence until all impacted communities are supported through energy power plant retirements. Creates an advisory committee to develop a state transition plan for community and worker transition. Directs the office to address local tax and fiscal issues; and drive the creation and

implementation of economic support programs such as property tax replacement revenue, community energy transition programs, and economic development tools for impacted workers and communities. Specifies, duties, reporting, and membership of the advisory committee. Appropriates $450,000 per year in FY 2022-2023.

HF 2044 (Lippert, DFL, Northfield, 0171)
SF 1999 (Senjem, R, Rochester, 3903)
Creates the Minnesota Innovation Finance Authority to provide financing and leverage private investment for clean energy. Forms an advisory task force to create the authority with the commissioners of commerce and DEED; members appointed by the legislature and governor; members with expertise in energy conservation, clean energy, economic development, banking, law, and finance; and members that represent the geographical and ethnic diversity of Minnesota. The task force must establish the authority by October 15, 2021 as a nonprofit corporation. Qualified projects include technologies, services, products, or measures that reduce energy use, implement peak pricing, reduce greenhouse gas emissions, and support a broad swath of activities related to construction, alteration, or repair of infrastructure for renewable energy, a variety of energy system advances, regenerative agriculture projects, and reductions in water use while improving water quality. Directs the authority to perform a similarly broad swath of activities – including market identification for underserved markets, access and evaluation of financing, strategic use of funds to leverage private investment, coordination with government and utility programs, provision of single access point for customers and contractors, partnership formation, and coordination of multiple contractors for certain projects – among other activities. Directs the authority to develop consumer protection standards, develop borrower eligibility policies, and collect reasonable fees for authority services to support ongoing activities. Includes an open appropriation, but specifies $50,000 for authority start-up costs.

SF 1531 (Ruud, R, Breezy Point, 4913)
Dedicates 100% of the solid waste management tax to the environmental fund by 2026 and thereafter. Current law dedicates $33.8 million or 70% to the environmental fund, whichever is greater. Specifies 75% dedication in FY 2022-2023 and 80% in FY 2024-2025.

STATE & LOCAL GOVT – Pension & Labor

HF 2145 (Nelson, M., DFL, Brooklyn Park, 3751)
SF 2056 (Rosen, R, Vernon Center, 5713)
Requires volunteer firefighter relief associations with special fund assets or liabilities in excess of $500,000 to produce audited financial statements that present "the true financial condition of the relief association's special fund and general fund" in a form prescribed by the state auditor. Includes additional recommendations of the [State Auditor's fire relief association working group].

HF 2163 (O'Driscoll, R, Sartell, 7808)
SF 1993 (Howe, R, Rockville, 2084)
Extends the payment period for purchase of military service credits through PERA by flipping "less" to "greater" for the two elements that define employee equivalent distributions. The distribution would be based on the greater of:

- 5 years from the return to employment; or
- Three times the length of the military leave period leading up to the return to employment.

HF 2192 (Heinrich, R, Anoka, 1729)
SF 1925 (Abeler, R, Anoka, 3733)
Allows participation in the PERA statewide volunteer plan and full vesting of the firefighters employed by the city of Ramsey and assigned to the Nowthen fire station if their employment is or was terminated in 2021. Nowthen is considered to have satisfied requirements for fire state aid.

STATE & LOCAL GOVT – Transportation

HF 1759 (Agbaje, DFL, Minneapolis, 8659)
SF 1810 (Champion, DFL, Minneapolis, 9246)
Requires completion of planning and predesign that incorporates bus rapid transit (BRT), or a preferred alternative, into the Highway 252/Interstate 94 project. Prohibits the commissioner of transportation for encumbering or expending any funds for final engineering on the project without this BRT planning.

HF 1788 (Bernardy, DFL, New Brighton, 5510)
Requires the commissioner of transportation to implement trunk highway performance measures and annual targets to construct resilient infrastructure for all modes, improve economic security, and achieve transportation goals in state law. Specifies that planning process include predictive and resulting performance measures for each district in collaboration with the public; gap identification and explanation; life cycle assessment and corridor risk assessment; and minimum annual investment plans. Requires an annual report on December 15 signed by a licensed engineer.

HF 1993 (Bahr, R, East Bethel, 2439)
Terminates Northstar Commuter Rail service. Includes termination of all agreements and sale of remaining assets.

HF 2083 (Lippert, DFL, Northfield, 0171)
SF 2027 (Senjem, R, Rochester, 3903)
Requires the commissioner of commerce to establish a clean fuels standard to reduce carbon intensity in consultation with the commissioners of transportation, agriculture, and pollution control. Requires development of a carbon intensity definition and a program of tradeable credits and deficits through a market mechanism. Allows transaction fees associated with the credit market. Sets goal of aggregate carbon intensity of transportation

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fuel to be 20% below 2018 baseline level by 2035. Include a one-time appropriation of $100,000 for FY 2022 to create required report.

HF 2142 (Petersburg, R, Waseca, 5368)

Changes distribution of the sales tax revenue from the sale of motor vehicle repair and replacement parts to:

- 54% to the highway user tax distribution fund;
- 3% to the small cities assistance fund;
- 2% to the county state-aid highway town road account; and
- 1% to the state-aid highway town bridge account.

Monthly deposit amount to the highway user tax distribution fund is $12.1 million in current law.

Proposed Tax Reductions Receiving Estimates Through March 14	FY 22-23 $ Impact (millions)
Variations on increasing the K-12 education credit and/or K-12 subtraction	$17.6 - $47.9
State pension aid to PERA	$13.3
Reduce net receipts tax on gambling	$28.2
Sales tax exemption for prepared food to non-profits that provide meals	$1.9
Exclude nontaxable veteran disability compensation for property tax refund purposes	$4.7
Sales tax exemptions for equipment and materials used in 12 specific individual public construction projects around the state (fire stations, schools, airports and other public buildings)	$10.4
General sales tax exemption for these inputs in public facility construction	$104.5
Income tax credit for student loans related to undergrad or graduate degree	$9.3
Exclude vendors of construction material from accelerated June sales tax payment	$13.3
Exclude from sales tax the scholarship or gift donation included as part of season ticket price	$1.7
Expand sales tax exemption for capital equipment to include restaurant equipment and machinery	$26.5
Vendor allowance for retailers making taxable sales	$22.9
Repeal sunset of historic rehabilitation credit	$19.3
Expand sales tax exemption for tangible personal property prizes awarded in connection with lawful gambling	$8.9
Income tax credit for sponsorship of lodging and related services for disabled veterans	$0.7
Reallocate share of sales taxes on motor vehicle repair and replacement to Highway User Tax Distribution Fund	$64.8
Exempt sales of non-toxic ammunition and fishing tackle	$3.3
Modify state special property tax refund program	$2.7
Provide property tax credit for ag and rural vacant land containing riparian buffer	$8.7
Remove tiered class rates in 4d property	$2.8
Expand sales tax exemption for butcher shop equipment	$0.6
Variations on subtractions for supplemental federal unemployment benefits	$30 - $238
Section 179 technical fix	$3.8
Increase Angel Credit	$20.0
Income tax subtraction for federal military service pensions	$1.2
Increase Minnesota dependent care credit to 2.5 times federal credit	$70.5
CARES Act PPP Conformity	$437.8
TOTAL	**$929.7 - $1,168.0**