

# 2013 THE YEAR OF THE ATTACK ON HARDWORKING TAXPAYERS

*by Minnesota Democrats*



Tax and fee increases passed by the Democratic-controlled Minnesota legislature and signed into law by Governor Dayton during the 2013 legislative session.

## **Taxes:**

HF 677 (Lenczewski) Created 4th income tax tier of 9.85% for individuals with over \$150,000 in taxable income, \$200,000 for heads of households and \$250,000 for married joint filers. (\$1,118 million)

HF 677 (Lenczewski) Changed the research and development tax credit from a refundable credit to a nonrefundable credit. (\$95.3 million)

HF 677 (Lenczewski) Repealed the foreign operating corporation and foreign royalty tax deductions. (\$133.2 million)

HF 677 (Lenczewski) Moved to count all sales of a unitary corporation to count in a corporation's tax liability. (\$46 million)

HF 677 (Lenczewski) Treat foreign entities, taxed under federal law as partnerships or disregarded entities, as domestic entities and taxes them accordingly. (\$12 million)

HF 677 (Lenczewski) Increased the minimum fees corporations of certain sizes must pay to the state ("cost of doing business"). (\$18.7 million)

HF 677 (Lenczewski) Changed sales tax law to state if an online company has an affiliate contract with someone in the state that would constitute a physical presence thus requiring them to charge and collect sales tax. (Affiliate Nexus) (\$9.7 million)

HF 677 (Lenczewski) Applied the sales tax to certain digital products like music and app downloads, ringtones, digital books, and downloaded video games, etc. (\$8.48 million)

HF 677 (Lenczewski) Expanded the sales tax on certain business to business activities such as: Warehousing and storage, telecommunications equipment, and electronic and commercial or industrial machinery repair services. (\$314.4 million)

HF 677 (Lenczewski) Imposed a gift tax of 10% with a lifetime exemption of \$1 million. (\$41.4 million)

HF 677 (Lenczewski) Applies the estate tax to nonresident property held in a pass-through entity in Minnesota. (\$12.8 million)

HF 677 (Lenczewski) Increased the cigarette tax by \$1.60 to \$2.83 a pack. Increased cigar tax from 70% of the wholesale price to 95%. (\$345 million)

HF 677 (Lenczewski) Increased the car rental tax from 6.2% to 9.2%. (\$14.4 million)

HF 677 (Lenczewski) Allows school board to approve \$300 per pupil in a local school levy without asking voters first.

HF 677 (Lenczewski) Mandated county assessor cannot reduce the value of land in CRP, but must assess taxes on highest and best use value.

HF 1444 (Hornstein) Allowed all counties to impose a \$10 wheelage tax without voter approval.

HF 1444 (Hornstein) Allowed all counties to impose a county sales tax.

HF 1444 (Hornstein) Allowed all counties to impose a \$20 vehicle excise tax.

## **Health and Human Services:**

HF 1233 (Huntley) Increased fees from \$5 to \$15 for newborn screening that will go to deaf and hard of hearing follow-up screening. (\$1.320 million)

HF 1233 (Huntley) Increased fees from \$101 to \$135 for newborn screening for 50 or so metabolic conditions. When combined with the above deaf and hard of hearing fee increase, the total increase in newborn screening fees went from \$106 to \$150. (\$4.75 million)

HF 1233 (Huntley) Increased department of human services application fees for provider screening. (\$1.055 million)

HF 1233 (Huntley) Created new license fee for Home and Community-Based Service providers. (\$1.479 million)

HF 1233 (Huntley) Established a fee for the Department of Health to review blueprints for facility construction to ensure Medical Assistance compliance. (\$780,000)

HF 1233 (Huntley) Created new fees for home care licensing. (\$1.625 million)

HF 1233 (Huntley) Required more facilities to pay a licensing fee for more types of geothermal heat systems. (\$300,000)

HF 1233 (Huntley) Increased fee for background checks on child care providers. (\$854,000)

## **Judiciary/Public Safety:**

HF 1398 (Hilstrom) New \$2 court technology fee on civil filings. Included in SF 671. (\$1.674 million)

## **State Government Finance and Operations:**

HF 866 (Freiberg) New \$2 per transaction convenience fee authorized for Northstar and online government information services. Included in SF 1589.

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**“The 2013 Democratic-controlled Legislature and Governor Dayton forced ALL hardworking Minnesotans to pay more than \$2.4 billion in increased taxes and fees. They also wastefully increased state government spending by \$3 billion, and will now extract what amounts to an additional \$450 from every man, woman, and child in this state to cover the cost.”**

## Commerce/Jobs:

HF 5 (Atkins) Minnesota Insurance Marketplace (MNSure) up to 1.5% fee on total premiums for individual and small group market health plans prior to January 1, 2015, and up to a 3.5% fee beginning January 1, 2015. (Amount raised unknown)

HF 1682 (Atkins) 30% “onetime” increase to weights and measures fee. Included in HF729 (\$600,000)

HF 157 (Hilstrom) New bullion coin dealer fee (\$25 registration fee; \$10 renewal fee). Included in HF729. (\$1.335 million)

HF 1682 (Atkins) \$20 increase to insurance agent appointment fee (from \$10 - \$30). Included in HF729. (\$9.9 million)

HF 1305 (Savick) various penalties and cosmetology fees. Included in HF729. (\$1.4 million)

HF 1306 (Mahoney) various penalties and barber fees. Included in HF729. (\$62,000)

HF 130 (Gunther) various accountancy fee increases (including initial issuance increase from \$50 to \$150 – a 200% increase). Included in HF729. (\$474,000)

HF 729 (Mahoney) modification to elevator inspection fee structure. (\$549,000)

HF 729 (Mahoney) modification to elevator contractor fee structure. (\$12,000)

HF 729 (Mahoney) modification to plumbing inspection fee structure (\$508,000)

HF 578 (Isaacson) various combative sports fee increases. Included in HF729. (\$82,000)

HF 902 (Slocum) mandatory four hours continuing education credits for cosmetologists. Included in HF729. (Amount raised unknown, but adds to the cost of doing business.)

HF 321 (Hornstein) new unspecified per unit fee assessed on builders in new construction in Minneapolis and St. Paul dedicated to parks. Included in HF729. (Amount raised unknown)

HF 1221 (Dehn) \$10 increase to real estate license transfer fee - from \$10 - \$20. (Amount raised unknown.)

HF 182 (Davnie) new \$250 beer educator license fee and new \$50 employee pouring license fee. Included in SF 541. (\$1,250)

HF 829 (Allen) new \$500 fine for landlord noncompliance with lease restrictions when property is in foreclosure.

HF 729 (Mahoney) PUC assessment (\$147,000)

## Environment/Agriculture:

HF 976 (Wagenius) Commercial animal waste technician license fee - \$25/yr. applicator, \$50/yr. site manager, \$100/yr. commercial, \$10 duplicate license, and 50% penalty on late renewals. (Amount raised unknown)

HF 976 (Wagenius) New wastewater laboratory certification fee. (Amount of fee to be determined by the Commissioner of the Minnesota Pollution Control Agency).

HF 976 (Wagenius) New architectural paint stewardship program administrative fee on paint producers (amount of fee to be determined by the Commissioner of the Minnesota Pollution Control Agency).

HF 630 (Marquart) New statewide property tax on all property in Minnesota

## Transportation:

HF 931 (Erhardt) Collector vehicle purchase price tax increased from \$90 to \$150. Included in HF 1444.

HF 931 (Erhardt) Sales tax gift exemption amended from “between individuals” to between spouses, parents or grandparents and grandchild. Included in HF 1444. (Collector vehicle tax increase and gift exemption elimination for non-immediate family members is projected to raise approximately \$1 million)

HF 931 (Erhardt) County wheelage tax authorization expanded from 7-county metro to statewide and increased from \$5 per year to \$10 per year from 2014 through 2017 and up to \$20 per year in 2018 and beyond. Included in HF 1444. (Amount raised unknown)

HF 500 (Masin) \$3 increase (from \$5 to \$8) to driver’s license application transaction fee. Included in HF 1444. (\$10.8 million)

HF 709 (Sawatzky) repeals voter referendum requirement for imposition of a county-wide Greater Minnesota Transportation Sales and Use Tax. Included in HF 1444.