

2024 DEPARTMENT OF REVENUE GOVERNOR'S TAX BILL SUMMARY



Appeals, Legal Services, and Disclosure Division
600 N. Robert St.
St. Paul, MN 55146-2220

FINAL 3-22-24

Section 1. Exemption for property used to distribute electricity to farmers. Amends Minn. Stat. § 272.02, subd. 19, so it is consistent with the related update to the in lieu tax exemption for a cooperative association. This change makes it clear that the exemption only applies to the electric power distribution system used primarily for supplying electricity to farmers at retail and does not include their substations, or transmission or generation equipment. Effective for assessment year 2024 and thereafter.

Sections 2 and 3. Distribution system exemption. Amends Minn. Stat. §§ 273.38 and 273.41, to update the in lieu tax exemption for a cooperative association's distribution system property and cross reference to make it clear that the exemption only applies to the association's distribution system and does not include their substations, or transmission or generation equipment. Effective for assessment year 2024 and thereafter.

Section 4. Generally; individuals. Amends Minn. Stat. § 289A.08, subd. 1, to create a filing requirement for individuals who elected to receive advance payments of the child tax credit under section 290.0661, subdivision 8. Effective for taxable years beginning after December 31, 2024.

Section 5. Child Tax Credit Minimum Credit Inflation Adjustment. Amends Minn. Stat. § 290.0661, subd. 7, to adjust the minimum credit adjusted gross income amounts in subdivision 9, paragraph (a) for inflation under Minn. Stat. § 270C.22. This section is effective for taxable years beginning after December 31, 2025.

Section 6. Child Tax Credit Minimum Credit. Amends Minn. Stat. § 290.0661, for taxable years beginning after December 31, 2024, and before January 1, 2029, by adding a new subdivision 9, to create a minimum child tax credit. The minimum credit amount is equal to 50 percent of the child tax credit received in the prior year for eligible taxpayers. Taxpayers are eligible for the minimum credit if their adjusted gross income is under \$60,100 for married taxpayers filing a joint return with one qualifying child or \$49,570 for all other filers with one qualifying child. The adjusted gross income limits increase by \$9,000 for each additional qualifying child. The minimum credit for a taxpayer claiming fewer qualifying children in the current taxable year than the prior taxable year is further limited to reflect the number of children claimed in the current taxable year.

The commissioner of revenue will certify to the commissioner of management and budget the difference in individual income tax liability by comparing the child tax credit and the minimum credit each June 30. The commissioner of management and budget must annually transfer an amount to cover this change in tax liability. For fiscal year 2025, \$45,000,000 is transferred from the general fund to the minimum child tax credit account. This section is effective for taxable years beginning after December 31, 2024.

Section 7. MinnCare tax credit for research. Amends Minn. Stat. § 295.53, subd. 4a(a) and (e), to eliminate the annual calculation of the credit for research percentage rate and permanently set the percentage rate at 0.5 percent. It also eliminates the requirement that MMB annually publish the percentage rate in the State Register. Since passage of this provision of law, eligible research expenditures have increased from less than \$100 million in the early 2000s to over \$330 million in 2021. This growth has rendered the calculation no longer useful, as the percentage rate is already set at the minimum value of 0.5 percent. Effective the day following final enactment.

Section 8. Notification to tribes of Tribal Nation aid payable. Amends Minn. Stat. § 477A.40, subd. 4, to change the date by which the commissioner of revenue is required to notify tribes of the amount of Tribal Nation aid they will receive in the calendar year to June 1 of each year from August 1 of each year. Effective the day following final enactment.

Section 9. Tribal Nation aid payment date. Amends Minn. Stat. § 477A.40, subd. 5, to change the payment date of Tribal Nation aid to July 20 of each year from December 27 of each year. Effective for aid paid in 2025 and thereafter.

Section 10. Corporate Net Operating Loss Deduction. Amends 2023 Minn. Laws, Ch. 64, Art. 1, § 44, the effective date, to reduce the taxable net income limit for the net operating loss deduction from 80 percent to 70 percent for taxable years beginning after December 31, 2023. Effective retroactively for taxable years beginning after December 31, 2022.

Section 11. 2024 Tribal Nation aid. An uncodified law moves the payment date of Tribal Nation aid for calendar year 2024 to June 20, 2024, from December 27, 2024. Also, appropriates \$35 million from the general fund to the commissioner of revenue to make the June 20, 2024, aid payments. Effective the day following final enactment.

Section 12. Appropriation. Creates an uncodified provision appropriating \$1,878,000 in fiscal year 2025 from the general fund to administer Minn. Stat. § 290.0661, subd. 8. \$2,838,000 is appropriated in fiscal year 2026 and \$1,934,000 in fiscal year 2027. Effective July 1, 2024.