1 **Statement of purpose.** Describes the Legislature's intent in enacting a sales tax rebate and asserts that it is:
   
   reasonable to rebate sales tax;
   
   reasonable to use estimates and averages to calculate individual rebates in the absence of a practical method of determining actual sales tax amounts paid by individuals; and
   
   reasonable to use the Department of Revenue's *Tax Incidence Report*, which analyzes the relationship between income and tax burdens, to estimate sales tax liability.

2 **Sales tax rebate.**

**Paragraph (a). Eligibility.** Defines a person eligible for a rebate as someone who:

filed for the 1998 property tax rebate before June 15, 2000;

filed a 1998 income tax return with at least $1 of liability before refundable credits, and was not claimed as a dependent on another return; or

had property taxes abated in 1998 as part of a tornado relief law.

**Paragraphs (b) and (c). Rebate schedule.** Provide tables showing the rebate amounts by taxable income. The minimum rebate is $140 for married couples filing joint returns and head of household filers, and $79 for single and married separate filers. The maximum rebate is $2,000 for married couples filing joint returns and head of household filers and $1,000 for single and married separate filers.

**Paragraph (d). Rebate for nonresidents.** Provides that individuals who were not residents of Minnesota for any part of 1998 who paid more than $10 of consumer sales tax in that year may apply for a rebate. The rebate for nonresidents equals the lesser of 24.75 percent of the amount for which a claimant has receipts or the amount the claimant would have qualified for if they had been Minnesota resident. Claimants must apply to the commissioner by June 15, 2000, or 30 days after enactment, whichever is later.

**Paragraph (e). Income.** States that the rebate tables are based on federal taxable income plus
Minnesota additions, such as out-of-state tax exempt bond interest and the itemized deduction for state income taxes (line 4 on the 1998 form M-1). For part-year residents the rebate is apportioned by the percentage that the claimant's Minnesota assignable income is of total income.

**Paragraph (f). Fiscal year taxpayers.** Extends the filing deadline for fiscal year taxpayers based on the starting date of the taxpayer's fiscal year 1998.

**Paragraph (g). Adjustment of rebate amounts.** Directs the commissioner to adjust the rebate tables as necessary based on 1998 income tax returns that are filed before July 1, 2000, so that the total rebate under this section does not exceed $497 million.

**Paragraph (h). Time for payment.** Directs the Commissioner of Revenue to begin paying rebates by August 1, 2000. Rebates not paid by September 1, 2000, bear interest.

**Paragraph (i). Amended returns.** Provides that sales tax rebates will not be recomputed based on adjustments to a taxpayer's 1998 income tax return that are filed after June 15, 2000.

**Paragraph (j). Divorced claimants.** Directs the commissioner to issue a joint rebate to taxpayers who filed a joint return in 1998. Allows taxpayers who filed a joint 1998 return to request a check for one-half of the joint rebate, if the original check has not been cashed. Also allows the commissioner to issue separate rebate checks to taxpayers who filed a joint return in 1998 but separate returns in 1999, or who notify the commissioner of separate addresses.

**Paragraph (k). Deceased claimants.** Allows the commissioner to issue separate checks to beneficiaries of estates entitled to rebates if probate has closed before the rebate check was received. Requires the estate to provide documentation to the commissioner.

**Paragraph (l). Tax disclosure laws.** Provides that the rebate is subject to tax disclosure laws.

**Paragraph (m). Delinquent taxes.** Provides that the commissioner may retain the rebate to offset delinquent taxes.

**Paragraph (n). Right to rebate.** Provides that the right to the rebate lapses and the rebate reverts to the general fund for rebate checks not cashed by July 1, 2002.

**Paragraph (o). Appeal of rebate amount.** Provides a mechanism for taxpayers to protest if they did not receive a rebate or if they received an incorrect amount. The regular administrative and court appeal rights apply.

**Paragraph (p). Revenue recapture.** Provides that the rebate is subject to Revenue Recapture for debts owed to the state.

**Paragraph (q). Appropriation.** Appropriates the amount to pay rebates and interest to the commissioner of revenue in fiscal years 2000, 2001, and 2002.

**Paragraph (r). Theft of rebates.** Provides that the commissioner may issue an order of assessment for the appropriate amount for a rebate check that is forged, improperly endorsed, or determined to have been issued in error or overstated. The assessment must be issued within two years unless cashing the check constituted forgery or theft, in which case there is no statute of limitation. The assessment can be appealed administratively and judicially, and collection may be commenced under chapter 289A.

**Paragraph (s). Commissioner's authority.** Authorizes the commissioner to take whatever action is deemed necessary to pay the rebate. Allows the commissioner, in consultation with the Department of Finance and State Treasurer, to contract with a private vendor to process, print, and mail the rebate checks and receive and disburse state funds when checks are cashed.

**Paragraph (t). Payment by EFT.** Authorizes the commissioner of revenue to pay the rebate by electronic funds transfer to individuals who received their 1999 income tax refund by electronic funds transfer.
Appropriation. Provides a blank appropriation to the commissioner of revenue to administer the rebate.

Effective date. Day following final enactment.