Overview

Provides for a 2000 sales tax rebate that would be paid automatically to individuals who had income tax liability in 1998 or who filed a claim for the 1998 property tax rebate. Minnesota residents age 18 and over in 1998 and not otherwise eligible could file a claim for the rebate with the commissioner. Also extends the filing deadline for the 1999 sales tax rebate to June 15, 2000, and allows all Minnesota residents age 18 or over in 1997 who were not otherwise eligible to file a claim for the minimum rebate amount. The 2000 sales tax rebate schedule would be set so that 2000 rebates would total $453 million less the amount of additional 1999 rebates paid under the filing extension and eligibility expansion.

H.F. 3233 is identical to H.F. 2931.

Section
1  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 did not claim the 1998 property tax rebate; or
was a Minnesota resident in 1998 and at least 18 years old.

Paragraphs (b) and (c). Rebate schedule. Provide tables showing the rebate amounts by taxable income. Paragraph (b) shows the schedule for married couples filing joint returns and head of household filers, and paragraph (c) the schedule for single and married separate filers. The rebate schedules are left blank.

Paragraph (d). Minimum rebate. Provides that individuals who did not claim a 1998 property tax rebate or have 1998 income tax liability but were residents at least 18 years old qualify for the minimum rebate for their filing status. Claimants must apply to the commissioner before
June 15, 2001, or 30 days after enactment, whichever is later. The claim must include proof of residency, income tax filing status, and age in 1998. Rebates under this paragraph bear interest if not paid by October 1, 2001.

**Paragraph (e). 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 a blank percentage 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, 2001, or 30 days after enactment, whichever is later.

**Paragraph (f). 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 (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 $453 million less the amount of rebates paid under section 2.

**Paragraph (h). Time for payment.** Directs the Commissioner of Revenue to begin paying rebates by August 1, 2000. Rebates not paid by October 1, 2000, bear interest. Also specifies that rebates paid to taxpayers who file a claim for rebate after June 15, 2000, bear interest if not paid by October 1, 2001.

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

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

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

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

**Paragraph (q). Theft of rebates.** Provides that the commissioner may issue an order of assessment for the amount of a rebate check that is forged or improperly endorsed. 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 (r). 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 (s). 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.

1999 Sales Tax Rebate. Expands eligibility for the 1999 sales tax rebate in three ways:

Extension of time to file. The bill extends the time allowed to file for a 1999 sales tax rebate to June 15, 2000. The deadline for filing under present law is June 15, 1999. These late filers (as well as residents age 18 and over qualifying for rebates under the bill) would have until July 1, 2001, to request a rebate or a corrected rebate, if they did not receive a rebate or the correct amount.

Minnesota residents age 18 and over. The bill allows the minimum 1999 sales tax rebate to individuals who were 18 or older in 1997 and who otherwise did not qualify for a rebate. These individuals failed to qualify under present law for a rebate because they neither paid 1997 Minnesota income tax nor received a 1997 property tax rebate. Individuals who did not pay property taxes or rent or who lived in tax exempt housing (e.g., many nursing homes) would not have qualified for a 1997 property tax rebate. To qualify for the rebate under this provision, an individual would be required to apply to the Department of Revenue. The deadline for application is June 15, 2000.

Application of other law. Provides these rebates would not be subject to the $1.3 billion limit on the total amount of rebates. The rebates would be paid under the schedule that includes the adjustments made for the additional $50 million of surplus at the end of fiscal year 1999. Interest would be paid on unpaid amounts after October 1, 2000.

Appropriation. Appropriates money sufficient to pay the additional rebates.

Effective date. Day following final enactment.

Article 2: Agricultural Assistance

Overview

Provides for a program of agricultural tax relief for 2000, for farms located in counties named in a presidential disaster declaration. (34 counties are included.) Farmers will receive a payment equal to $4 per acre. The maximum payment is $5,600. Payments will be made to farmers who rent farmland, as well as owner-operators. Payments will be pro-rated among partners according to percentage of risk when multiple parties are involved in the operation of the farm. This agricultural assistance is very similar (i.e., definitions, applications, payments, etc.) to the agricultural assistance program of 1999.

H.F. 3233 is identical to H.F. 2931.

Agricultural Assistance in 2000.

Subd. 1. (a) Definition.

(b) "Acre" means an acre of effective agricultural use land within Minnesota as reported to the farm service agency on form 156EZ.

(c) "Commissioner" means the commissioner of revenue.

(d) "Disaster county" means a county that received a presidential major disaster declaration in 1999, or was named a contiguous county under a presidential major disaster declaration in 1999.
(e) "Effective agricultural use land" means land suitable for growing an agricultural crop and excludes land enrolled in the conservation reserve program (CRP) or the water bank program.

(e) "Farm" or "farm operation" means an agricultural production operation located at least partly within a disaster county. The operation must either:

have a unique farm number as reported on the form 156EZ to the farm service agency, including at least 40 acres of effective agricultural use land; or

have at least $10,000 in sales of unprocessed livestock or unprocessed dairy products for the taxable year beginning in either calendar year 1998 or 1999.

(g) "Farm operator" means a person identified as the operator of a farm on form 156EZ filed with the farm service agency.

(h) "Farm service agency (FSA)" means the United States Farm Service Agency.

(i) "Farmer" or "farmer at risk" means either:

a person who produces an agricultural crop or livestock and is certified by FSA as bearing a percentage of the risk for the farm operation; or

a person who owns or resides on homesteaded property and operates a livestock production facility.

(j) "Livestock" means cattle, hogs, poultry, and sheep.

(k) "Person" includes individuals, fiduciaries, estates, trusts, partnerships, joint ventures, and corporations.

Subd. 2. Payment to farmers. Provides that every farmer may apply to the commissioner for a payment for every acre in Minnesota on which the farmer produced an agricultural crop for crop year 1999 as certified by the FSA by December 31, 1999. The payment, made to each farmer at risk, equals $4 multiplied by the number of acres of the farm operation, multiplied by the percentage of risk borne by that farmer for that farm operation. The commissioner shall prepare application forms and make them available. The farmer must include with the application, social security number or federal employer ID number, a certification from FSA of the number of acres farmed, including any percentage of risk for particular acres. The commissioner shall make the payment by June 30, 2000, to each eligible farmer who applies by May 31, 2000, or within 30 days of the application if it is received after May 31, 2000. Applications will not be accepted after September 30, 2000.

Subd. 3. Alternate qualification. (a) Provides that if an agricultural production operation does not meet the definition of a farm solely because (1) the farm operator had not filed a form 156EZ with FSA, (2) there was an error in the FSA’s records, or (3) an operator operates more than one farm and the qualifying acres is less than 40 acres on each farm, but the combined acres is at least 40 acres, the commissioner may allow the farm operator to apply for a payment under subdivision 2 after providing whatever information the commissioner needs to determine the number of acres of eligible crop land.

(b) Provides that if the number of acres of effective agricultural use land for crop year 1999 for a farm is greater than indicated on FSA’s records, the commissioner may allow a farm operator to apply for a payment on the higher acreage, after furnishing the commissioner the necessary information.

(c) Provides that a person who produced an agricultural crop or livestock in 1999 and bore a portion of the risk for the farm operation and does not meet the definition of farmer because the information was not reported to the FSA, or because of an error in the FSA’s records, the commissioner may allow the farmer to be included on an
application for payment under subdivision 2 after providing the necessary information to the commissioner.

**Subd. 4. Limit.** Provides that no person may receive a payment under subdivision 2 that exceeds $5,600.

**Subd. 5. Application of other laws.** Provides that the payments under subdivision 2 are a "Minnesota tax law" for purposes of data practices rules.

**Subd. 6. Remedies.** Allows a farmer who is denied a refund to appeal that denial under the general provisions allowing for claims for tax refunds.

**Subd. 7. Interest.** Provides that payments under this article shall bear interest at the interest rate used for refunds of state taxes, from the later of the payment dates specified or 75 days after a complete payment application was filed.

**Subd. 8. Penalties.** Provides that if the claims for payment were excessive and were filed with fraudulent intent, the claim must be disallowed in full. If the claim has been paid, the amount disallowed must be recovered by assessment and collection procedure, within two years after a check is cashed, except in the case of theft or forgery. The assessment may be appealed administratively and judicially.

2 **Appropriation.** Appropriates the amount necessary to make the payments for the farm tax relief under section 1, subdivision 2, to the commissioner of revenue for fiscal year 2000, and allows the amounts to be expended until June 30, 2001.

3 **Effective date.** Effective the day following final enactment.