2019 GOVERNOR'S REVISED RECOMMENDATIONS

GENERAL FUND CHANGE ITEMS ONLY

APRIL 9, 2019

$ in thousands | BOLD indicates rows included in total

TAX POLICY: Positive amounts indicate revenue increase

AIDS, CREDITS, REFUNDS, & OTHER APPROPRIATIONS: Positive amounts indicate expenditure

LINE	ITEM	EFFECTIVE	A FY 19	C FY 20	D FY 21	E FY 20-21	F FY 22	G FY 23	H FY 22-23
	GENERAL FUND TAX REVENUE:								
	TCJA CONFORMITY - GENERAL INDIVIDUAL INCOME TAX PROVISIONS								
1	Switch Minnesota Starting Point to AGI	TY 19	0	-1,800	-1,800	-3,600	-1,800	-1,800	-3,600
2	Allow Exclusion of Discharged Student Loan Debt in Case of Death or Disability	TY 19-25	0	(Negl.)	(Negl.)	(Negl.)	(Negl.)	(Negl.)	(Negl.)
3	Repeal Deduction for Alimony Payments and Corresponding Inclusion of Received Alimony	Agrmnts. TY 19	0	1,600	2,300	3,900	3,100	4,300	7,400
4	Modify Limit on Wagering Losses	TY 19-25	0	150	90	240	90	90	180
5	Disallow the Charitable Deduction for College Athletic Seating Payments	TY 19	0	1,900	1,200	3,100	1,200	1,200	2,400
6	Limit Mortgage Interest Deduction for Amounts Above $750,000	TY 19	0	200	500	700	700	1,000	1,700
7	Suspend Exclusion for Qualified Moving Expense Reimbursement	TY 19-25	0	5,600	3,900	9,500	3,900	3,900	7,800
8	Suspend Exclusion for Certain Employer-provided Bicycle Commuter Fringe Benefits	TY 19-25	0	40	30	70	30	30	60
9	Allow Increased Contributions to ABLE Accounts	TY 19-25	0	(Negl.)	(Negl.)	(Negl.)	(Negl.)	(Negl.)	(Negl.)
10	Extend Rollover Period for Certain Retirement Plan Loan Offsets	TY 19	0	(Negl.)	(Negl.)	(Negl.)	(Negl.)	(Negl.)	(Negl.)
11	Repeal Special Rule Permitting Recharacterization of IRA Contributions	TY 19	0	450	300	750	350	400	750
12	**SUBTOTAL: TCJA CONFORMITY - GENERAL INDIVIDUAL INCOME TAX PROVISIONS**		**0**	**8,140**	**6,520**	**14,660**	**7,570**	**9,120**	**16,690**
	TCJA CONFORMITY - INDIVIDUAL INCOME TAX PROVISIONS RELATED TO PASS-THROUGHS								
15	Conform to Expanded Bonus Depreciation, But Maintain 80% MN Addback	TY 18-26	400	8,700	10,700	19,400	10,500	3,700	14,200
16	Full Conformity with Section 179 Expensing	Various	-5,200	-76,200	-49,900	-126,100	-38,900	-25,100	-64,000
17	Disallow Certain Active Pass Through Losses (Above $250k for Single and $500k for Joint Filers)	TY 19-25	4,400	47,800	46,300	94,100	40,400	41,600	82,000
18	Tax Gain on Sale of Partnership on a Look-through Basis	TY 19	200	1,600	1,900	3,500	2,400	3,100	5,500
19	Expand Definition of Built-in Loss for Purposes of Partnership Loss Transfers	TY 18	30	670	300	970	300	400	700
20	Charitable Contributions and Foreign Taxes Accounted for in Determining Limit on Partner's Share of Loss	TY 18	100	1,300	800	2,100	800	900	1,700
21	Repeal Rollover of Publicly Traded Securities Gain into Specialized Small Business Investment Companies	TY 18	30	570	300	870	300	200	500
22	Limit Net Interest Deduction to 30% of Income	TY 19	8,100	89,600	92,500	182,100	111,100	136,000	247,100
23	Modify the Net Operating Loss (NOL) Deduction	TY 19	3,200	35,600	43,300	78,900	67,400	93,900	161,300
24	Repeal Deferred Gain on Like-kind Exchanges	TY 18	200	4,700	3,300	8,000	4,300	5,600	9,900
25	Reduce Recovery Period for Real Property	TY 18	-30	-570	-600	-1,170	-700	-1,000	-1,700
26	Repeal Deduction for Local Lobbying Expenses	TY 19	20	180	100	280	100	100	200
27	Limit Deduction for Employer-provided Meals	TY 19	300	6,100	2,700	8,800	2,700	2,800	5,500
28	Limit Deduction for Employer-provided Transportation Benefits	TY 19	200	2,700	2,000	4,700	2,100	2,200	4,300
29	Prohibit Deduction for Achievement Awards (Cash, Gift Cards, etc.)	TY 19	Negl.	Negl.	Negl.	Negl.	Negl.	Negl.	Negl.

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30	Disallow Deduction for Sexual Harassment Payments Made Subject to NDA	TY 19	Negl.	Negl.	Negl.	Negl.	Negl.	Negl.	Negl.
31	Revise Treatment of Contributions to Capital	TY 19	30	370	700	1,070	1,100	1,200	2,300
32	Modify Treatment of Interest for Producers of Beer, Wine, and Distilled Spirits	TY 18-19	-100	-2,400	0	-2,400	0	0	0
33	Modify Limit on Excessive Compensation	TY 19	50	550	600	1,150	600	600	1,200
34	Repeal Exclusion of Interest on Advance Refunding Bonds	TY 19	300	3,300	4,800	8,100	5,700	6,100	11,800
35	Inclusion of Global Intangible Low Tax Income (GILTI)	TY18	600	12,600	6,100	18,700	6,000	5,800	11,800
36	Deduction for Foreign Derived Intangible Income (FDII) from Domestic Trade or Business, with Deduction	TY18	-800	-11,700	-6,900	-18,600	-8,200	-8,500	-16,700
37	**SUBTOTAL: TCJA CONFORMITY - INDIVIDUAL INCOME TAX PROVISIONS RELATED TO PASS-THROUGHS**		**12,030**	**125,470**	**159,000**	**284,470**	**208,000**	**269,600**	**477,600**
	TCJA CONFORMITY - CORPORATE TAX								
40	Conform to Expanded Bonus Depreciation, But Maintain 80% MN Addback	TY 18-26	800	18,300	22,600	40,900	22,100	7,800	29,900
41	Full Conformity with Section 179 Expensing	Various	-2,000	-28,900	-18,900	-47,800	-14,700	-9,500	-24,200
42	Repeal Rollover of Publicly Traded Securities Gain into Specialized Small Business Investment Companies	TY 18	50	1,250	600	1,850	500	400	900
43	Conform to Limit on Net Interest Ded. to 30% of Income (Excluding Small Businesses)	TY 18	1,400	31,300	15,700	47,000	18,900	23,100	42,000
44	Repeal Deferred Gain on Like-kind Exchanges	TY 18	200	5,900	4,200	10,100	5,400	7,100	12,500
45	Reduce Recovery Period for Real Property	TY 18	-70	-1,230	-1,100	-2,330	-1,400	-2,000	-3,400
46	Repeal Deduction for Local Lobbying Expenses	TY 18	30	670	300	970	300	300	600
47	Limit Deduction for Employer-provided Meals	TY 18	800	16,600	7,300	23,900	7,400	7,600	15,000
48	Limit Deduction for Employer-provided Transportation Benefits	TY 18	600	12,500	5,600	18,100	5,700	5,900	11,600
49	Prohibit Deduction for Achievement Awards (Cash, Gift Cards, Nontangible Personal Property, etc.)	TY 18	Negl.	Negl.	Negl.	Negl.	Negl.	Negl.	Negl.
50	Limit Deduction for FDIC Premiums	TY 18	500	12,100	6,100	18,200	6,200	6,300	12,500
51	Disallow the Deduction for Sexual Harassment Payments Made Subject to NDA	TY 18	Negl.	Negl.	Negl.	Negl.	Negl.	Negl.	Negl.
52	Revise Treatment of Contributions to Capital	TY 18	90	1,850	2,000	3,850	3,000	3,200	6,200
53	Conform to the modified historic rehabilitation credit	TY 18	0	39,900	16,400	56,300	9,800	-18,800	-9,000
54	Modify Treatment of Interest for Producers of Beer, Wine, and Distilled Spirits	TY 18-19	-200	-2,900	0	-2,900	0	0	0
55	Modify Limit on Excessive Compensation	TY 18	300	6,100	3,600	9,700	3,600	3,600	7,200
56	Unrelated Business Income of Charitable Organizations Separately Computed for Each Trade or Business	TY 19	200	2,900	2,200	5,100	2,700	2,900	5,600
57	Repeal Exclusion of Interest on Advance Refunding Bonds	TY 18	200	3,800	2,500	6,300	3,000	3,200	6,200
58	Deemed Repatriation of Foreign Income	TY 17	13,300	257,000	104,100	361,100	107,700	110,800	218,500
59	Inclusion of Global Intangible Low Tax Income (GILTI)	TY 18	6,500	149,100	72,000	221,100	70,700	68,600	139,300
60	Deduction for Foreign Derived Intangible Income (FDII) from Domestic Trade or Business, with Deduction	TY 18	-3,000	-66,200	-39,900	-106,100	-47,400	-49,300	-96,700
61	Other Modifications to Subpart F Provisions	TY 18	Negl.	Negl.	Negl.	Negl.	Negl.	Negl.	Negl.
62	**SUBTOTAL: TCJA CONFORMITY - CORPORATE TAX**		**19,700**	**460,040**	**205,300**	**665,340**	**203,500**	**171,200**	**374,700**
	OTHER CONFORMITY PROVISIONS								
65	Disaster Tax Relief and Airport and Airway Extension Act of 2017*	TY 17	0	-2,840	350	-2,490	230	110	340
66	Bipartisan Budget Act of 2018*	TY 17	0	-19,895	125	-19,770	20	-100	-80
67	**SUBTOTAL: OTHER CONFORMITY PROVISIONS**		**0**	**-22,735**	**475**	**-22,260**	**250**	**10**	**260**
70	*REFERENCE SUBTOTAL: NET EFFECT OF GOVERNOR'S CONFORMITY PROPOSAL*		*31,730*	*570,915*	*371,295*	*942,210*	*419,320*	*449,930*	*869,250*
	OTHER INDIVIDUAL INCOME TAX PROVISIONS								
72	Working Family Credit Expansion - 3+ Children	TY 19	0	-10,100	-10,300	-20,400	-10,400	-10,700	-21,100
73	Working Family Credit Expansion - Transportation	TY 19	0	-40,800	-41,000	-81,800	-41,200	-41,500	-82,700

74	Social Security Subtraction Increase	TY 19	0	-11,000	-11,900	-22,900	-12,700	-13,500	-26,200
75	Angel Tax Investment Credit	TY 19-20	0	-10,000	-10,000	-20,000	0	0	0
76	Section 529 Plan Credit Phaseout	TY 19-20	0	0	(Negl.)	(Negl.)	(Negl.)	-5	-5
77	*INTERACTION: Transportation Funding*		0	0	-4,500	-4,500	-4,800	-5,100	-9,900
78	*INTERACTION: Regional Transit Bonding Authority*		0	0	-30	-30	-280	-450	-730
79	*INTERACTION: School Safety Levy*		0	0	-140	-140	-150	-170	-320
80	*INTERACTION: Soil and Water Conservation Districts Levy*		0	0	-520	-520	-520	-630	-1,150
81	*INTERACTION: Reinstate Inflation for Statewide Property Tax Levy*		0	0	-70	-70	-160	-240	-400
82	*INTERACTION: Construction Materials Exemption for Governments and Nonprofits*		0	0	270	270	310	80	390
83	*INTERACTION: Riparian Buffer Property Tax Credit*		0	0	550	550	550	550	1,100
84	*INTERACTION: Local Government Aid*		0	0	400	400	400	400	800
85	*INTERACTION: County Program Aid*		0	0	400	400	400	400	800
86	**SUBTOTAL: OTHER INDIVIDUAL INCOME TAX PROVISIONS**		**0**	**-71,900**	**-76,840**	**-148,740**	**-68,550**	**-70,865**	**-139,415**
	OTHER CORPORATE TAX PROVISIONS								
89	Repeal Corporate Alternative Minimum Tax	TY 18	0	-41,400	-15,900	-57,300	-15,100	-14,800	-29,900
90	80% Net Operating Loss Limitation	TY 18	0	49,500	21,500	71,000	21,500	21,500	43,000
91	Modify Apportionment Factor to Exclude Derivatives	TY 18	0	0	0	0	0	0	0
92	Limit Dividends Received Deduction for Debt Financed Stock	TY 18	0	130	100	230	100	100	200
93	Establish Economic Substance Doctrine	TY 18	0	0	300	300	1,500	2,500	4,000
94	Modify Mutual Fund Manger Apportionment	TY 18	0	6,300	9,000	15,300	12,500	12,500	25,000
95	*INTERACTION: Regional Transit Bonding Authority*		0	0	-10	-10	-120	-190	-310
96	*INTERACTION: School Safety Levy*		0	0	-60	-60	-60	-80	-140
97	*INTERACTION: Soil and Water Conservation Districts Levy*		0	0	-220	-220	-220	-270	-490
98	*INTERACTION: Reinstate Inflation for Statewide Property Tax Levy*		0	0	-670	-670	-1,410	-2,160	-3,570
99	*INTERACTION: Construction Materials Exemption for Governments and Nonprofits*		0	0	120	120	140	30	170
100	*INTERACTION: Local Government Aid*		0	0	180	180	180	180	360
101	*INTERACTION: County Program Aid*		0	0	170	170	170	170	340
102	**SUBTOTAL: OTHER CORPORATE TAX PROVISIONS**		**0**	**14,530**	**14,510**	**29,040**	**19,180**	**19,480**	**38,660**
	SALES TAX								
105	Expand Collection Requirements for Marketplace Providers	DFE	0	370	570	940	580	590	1,170
106	Modify Conditions for Construction Materials Exemption for Local Governments and Nonprofits	DFE	0	-26,900	-31,000	-57,900	-7,600	0	-7,600
107	Limit Exemption for Data Centers	DFE	0	3,700	16,600	20,300	22,700	27,200	49,900
108	Tobacco Products Sales Tax	DFE	0	20	60	80	110	160	270
109	Tobacco Indexing - In-Lieu of Sales Tax	DFE	0	-70	-140	-210	-240	-360	-600
110	Premium Cigars	DFE	0	-270	-300	-570	-300	-300	-600
111	**SUBTOTAL: SALES TAX**		**0**	**-23,150**	**-14,210**	**-37,360**	**15,250**	**27,290**	**42,540**
114	*REFERENCE LINE: LEGACY FUNDS EFFECT FROM SALES TAX MODIFICATIONS*		*0*	*-1,300*	*-790*	*-2,090*	*920*	*1,620*	*2,540*
	ESTATE TAX								
116	Freeze Estate Tax Exclusion at $2.7 million	Decedents 2020	0	0	9,900	9,900	13,700	14,500	28,200
117	**SUBTOTAL: ESTATE TAX**		**0**	**0**	**9,900**	**9,900**	**13,700**	**14,500**	**28,200**

	STATEWIDE PROPERTY TAX LEVY								
120	Reinstate Inflation for Statewide Property Tax Levy	Payable 20	0	13,540	39,840	53,380	67,480	96,510	163,990
121	**SUBTOTAL: STATEWIDE PROPERTY TAX**		**0**	**13,540**	**39,840**	**53,380**	**67,480**	**96,510**	**163,990**
	CIGARETTE/TOBACCO TAXES								
124	Tobacco Indexing - Excise Tax	DFE	0	1,900	7,300	9,200	12,600	17,700	30,300
125	Moist Snuff - Excise Tax	DFE	0	300	1,300	1,600	2,400	3,500	5,900
126	Premium Cigars - Excise Tax	DFE	0	940	1,100	2,040	1,100	1,100	2,200
127	**SUBTOTAL: CIGARETTE/TOBACCO TAXES**		**0**	**3,140**	**9,700**	**12,840**	**16,100**	**22,300**	**38,400**
	OTHER TAXES AND NON-TAX REVENUE								
130	Net Loan Activity - Senior Property Tax Deferral Enhancement	Payable 20	0	0	-170	-170	-260	-260	-520
131	Deed Transfer Tax - Modify Threshold	Deeds CY 20	0	(Negl.)	-5	-5	-5	-10	-15
132	**SUBTOTAL: OTHER TAXES**		**0**	**0**	**-175**	**-175**	**-265**	**-270**	**-535**
137	**TOTAL: GENERAL FUND TAX REVENUE**		**31,730**	**507,075**	**354,020**	**861,095**	**482,215**	**558,875**	**1,041,090**
	GENERAL FUND EXPENDITURES:								
	PROPERTY TAX AIDS & CREDITS								
139	Local Government Aid	Payable 20	0	0	30,593	30,593	30,593	30,593	61,186
140	County Program Aid	Payable 20	0	0	30,356	30,356	30,356	30,356	60,712
141	Riparian Buffer Property Tax Credit	Payable 20	0	0	15,800	15,800	15,800	15,800	31,600
142	Ag Homestead Clarification	Payable 20	0	0	(Unknown)	(Unknown)	(Unknown)	(Unknown)	(Unknown)
143	Allow ITIN Usage for Homestead Credit Refund	Filings CY 19	0	0	1,100	1,100	1,100	1,100	2,200
144	*INTERACTION WITH PROPERTY TAX REFUNDS: Soil and Water Conservation District Levy*		0	0	940	940	940	1,150	2,090
145	*INTERACTION WITH PROPERTY TAX REFUNDS: Met Council Regional Transit Bonding*		0	0	50	50	520	820	1,340
146	*INTERACTION WITH PROPERTY TAX REFUNDS: Construction Materials Exemption for Governments and Nonprofits*		0	0	-490	-490	-570	-140	-710
147	*INTERACTION WITH PROPERTY TAX REFUNDS: County Program Aid*		0	0	-730	-730	-730	-730	-1,460
148	*INTERACTION WITH PROPERTY TAX REFUNDS: Local Government Aid*		0	0	-740	-740	-740	-740	-1,480
149	**TOTAL: PROPERTY TAX AIDS, CREDITS, & REFUNDS**		**0**	**0**	**76,879**	**76,879**	**77,269**	**78,209**	**155,478**
	ADMINISTRATION								
152	Appropriation to DOR for Administrative Costs Related to Conformity		0	4,217	1,853	6,070	1,450	1,450	2,900
153	**TOTAL: ADMINISTRATION**		**0**	**4,217**	**1,853**	**6,070**	**1,450**	**1,450**	**2,900**
154	**NET GENERAL FUND EFFECT (TAX REVENUE - AIDS & CREDITS)**		**31,730**	**502,858**	**275,288**	**778,146**	**403,496**	**479,216**	**882,712**

NOTES

* - Amounts listed consolidate Individual Income Tax and Corporate Franchise Tax effects.