

# MINNESOTA • REVENUE

## HOUSE TAX BILL

### Various Taxes

February 21, 2008

**State Taxes Only – See Separate Analysis  
for Property Taxes and Local Aids**

	Yes	No
DOR Administrative Costs/Savings	X	

Department of Revenue

Analysis of H.F. 3201 (Lenczewski), As Amended in House Tax Committee, Feb. 20, 2008

	<b>Fund Impact</b>			
	<b><u>F.Y. 2008</u></b>	<b><u>F.Y. 2009</u></b>	<b><u>F.Y. 2010</u></b>	<b><u>F.Y. 2011</u></b>
	(000's)			
<b>Federal Update</b>				
Heroes Earned Retirement				
Opportunities Act	(Negligible)	(Negl.)	(Negl.)	(Negl.)
Pension Protection Act of 2006				
Individual Income Tax	(\$2,600)	(\$1,520)	(\$1,970)	(\$13,820)
Corporate Franchise Tax	<u>(\$200)</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Total	(\$2,800)	(\$1,520)	(\$1,970)	(\$13,820)
Tax Relief and Health Care Act of 2006				
(with Adjustments)				
Individual Income Tax	(\$2,535)	(\$790)	(\$705)	(\$680)
Corporate Franchise Tax	<u>(\$2,025)</u>	<u>(\$955)</u>	<u>(\$610)</u>	<u>(\$510)</u>
Total	(\$4,560)	(\$1,745)	(\$1,315)	(\$1,190)
Small Business and Work				
Opportunity Act of 2007				
Individual Income Tax	\$40	(\$160)	(\$410)	\$540
Corporate Franchise Tax	<u>\$10</u>	<u>\$35</u>	<u>\$20</u>	<u>\$260</u>
Total	\$50	(\$125)	(\$390)	\$800
Clean Renewable Energy and				
Conservation Act of 2007				
Corporate Franchise Tax	\$0	\$25	\$35	\$50
Mortgage Forgiveness Debt Relief				
Act of 2007	(\$905)	(\$2,230)	(\$1,985)	(\$1,040)
Economic Stimulus Act of 2008				
Individual Income Tax	\$0	\$2,070	\$4,170	(\$1,140)
Corporate Franchise Tax	<u>\$0</u>	<u>\$4,370</u>	<u>\$8,895</u>	<u>(\$2,615)</u>
Total	\$0	\$6,440	\$13,065	(\$3,755)
<b>Individual Income Tax</b>	(\$6,000)	(\$2,630)	(\$900)	(\$16,140)
<b>Corporate Franchise Tax</b>	<u>(\$2,215)</u>	<u>\$3,475</u>	<u>\$8,340</u>	<u>(\$2,815)</u>
<b>Federal Update Total</b>	(\$8,215)	\$845	\$7,440	(\$18,955)

	<b>Fund Impact</b>			
	<b><u>F.Y. 2008</u></b>	<b><u>F.Y. 2009</u></b>	<b><u>F.Y. 2010</u></b>	<b><u>F.Y. 2011</u></b>
	(000's)			
<b>Individual Income Tax</b>				
Subtraction for National Guard Training				
Out of State (1/1/07)	\$0	(\$125)	(\$130)	(\$140)
Eliminate Exemption for Deferred Compensation				
for Nonresidents (1/1/08)	\$0	\$2,400	\$2,600	\$2,700
<b>Corporate Franchise Tax</b>				
Prohibit Deduction of Fines and Penalties (1/1/08)	\$0	\$260	\$130	\$60
<b>Increase June Accelerated Payments from 78% to 80% (June 2009 and after)</b>				
Sales and Use Tax	\$0	\$5,400	\$160	\$200
Cigarette Excise Tax	\$0	\$200	(\$10)	(\$10)
Cigarette In-Lieu Sales Tax	\$0	\$100	Negligible	Negl.
Tobacco Products Excise Tax	\$0	\$30	Negl.	Negl.
Alcoholic Beverage Taxes	\$0	\$50	Negl.	Negl.
<b>Sales Tax</b>				
Specifying Source of Sale for a Manufactured or				
Modular Home (7/1/08)	\$0	Negl.	Negl.	Negl.
Exempt Delivery of Aggregate Material by a				
Third Party for Road Construction (7/1/08)	\$0	(\$1,010)	(\$1,120)	(\$1,140)
Bundled Transactions (1/1/08)	(\$25)	(\$65)	(\$68)	(\$70)
Fur Clothing – Repeal Special Tax; Impose				
Sales Tax (7/1/08)	\$0	\$20	\$0	\$0
<b>Special Taxes</b>				
Change Tobacco Products Use Tax				
Exemption from \$100 to \$50 (7/1/08)	\$0	Negl.	Negl.	Negl.
<b>Designated Zones</b>				
Increase Allocation to Border City Zones	\$0	(\$750)	\$0	\$0
<b>General Fund Total</b>	<b>(\$8,240)</b>	<b>\$7,355</b>	<b>\$9,002</b>	<b>(\$17,355)</b>

	<b>Fund Impact</b>			
	<b><u>F.Y. 2008</u></b>	<b><u>F.Y. 2009</u></b>	<b><u>F.Y. 2010</u></b>	<b><u>F.Y. 2011</u></b>
	(000's)			
<b>Health Impact Fund</b>				
Increase June Accelerated Payments from 78% to 80%				
Cigarette Fee	\$0	\$400	(\$10)	(\$10)
Tobacco Products Fee	\$0	\$30	Negl.	Negl.
Change Tobacco Products Use Tax Exemption from \$100 to \$50 (7/1/08)	\$0	Negl.	Negl.	Negl.
<b>Health Impact Fund Total</b>	<b>\$0</b>	<b>\$430</b>	<b>(\$10)</b>	<b>(\$10)</b>
<b>Other Funds</b>				
Increase Dedication of Gasoline Used in ATVs from 0.15% to 0.27%				
<b>Natural Resources Fund</b>	<b>\$0</b>	<b>\$310</b>	<b>\$623</b>	<b>\$626</b>
<b>Highway User Tax Distribution Fund</b>	<b>\$0</b>	<b>(\$310)</b>	<b>(\$623)</b>	<b>(\$626)</b>
<b>Total – All Funds</b>	<b>(\$8,240)</b>	<b>\$7,785</b>	<b>\$8,992</b>	<b>(\$17,365)</b>

Source: Minnesota Department of Revenue  
Tax Research Division  
[http://www.taxes.state.mn.us/taxes/legal\\_policy](http://www.taxes.state.mn.us/taxes/legal_policy)