

**2021 MISCELLANEOUS
LEGISLATIVE BULLETIN
(2021 1st Special Session)**



Appeals and Legal Services Division
600 North Robert Street
Saint Paul, Minnesota 55146-2220

FINAL 8/4/21

Unless otherwise noted, the provisions discussed in this bulletin can be found in 2021 Minn. Laws, 1st Spec. Sess., Ch. 14.

New or extended tax expenditures. Minn. Stat. § 3.192 was amended to require that any bill creating or extending a tax expenditure must include an expiration date that is no more than eight years from the effective date of the provision. Effective beginning with the 2022 legislative session. Art. 11, § 2.

Legislative Budget Office Director duties. Minn. Stat. § 3.8853, subd. 2, was amended by requiring the director and staff of the Legislative Budget Office to provide professional and technical support to the Tax Expenditure Review Commission. Effective July 1, 2021. Art. 11, § 3.

Tax Expenditure Review Commission. Minnesota Statutes were amended by adding a new statute § 3.8855, which creates the Tax Expenditure Review Commission, which will include members of the Senate, the House of Representatives, and the Commissioner of Revenue or the Commissioner's designee. The Commission will review tax expenditures and issue reports on those expenditures. The Department of Revenue's research department is required to provide research support to the Commission. Effective July 2, 2021; appointing authorities must make initial appointments to the Commission by January 15, 2022, the first meeting must be convened by July 1, 2022, and the first report of the Commission is due on December 15, 2022. Art. 11, § 4.

Tribal consultation. Minn. Stat. § 10A.65 was enacted to require 29 state agencies and boards, including the Department of Revenue, to implement tribal consultation policies. Under this new law, all agencies must:

1. Designate a tribal liaison to implement the policy and to serve as the principal contact person between the tribes and the agency.
2. At least annually, and as often as is necessary, engage in timely, meaningful consultations with each tribe concerning matters that have tribal implications.
3. Consult with tribes on legislative and fiscal matters that affect tribes or tribal members in order to allow tribes to engage in agency legislative and fiscal budget proposals.
4. Send appropriate staff to tribal-state government relations training.

Effective July 2, 2021. Art. 11, § 5.

Number of hearing requests for expedited rules. Minn. Stat. §14.389, subd. 5, was amended to reduce from 100 to 50 the number of requests needed to trigger a required public hearing. Effective for rules proposed on or after July 1, 2021. 2021 Minn. Laws, 1st Spec. Sess. Ch. 12, Art. 2, § 3.

Budget reserve. Minn. Stat. § 16A.152, subd. 2, was amended by increasing the budget reserve amount to \$2,377,399,000. Effective July 1, 2021. Art. 11, § 7.

Productivity loan committee. Minn. Stat. § 16B.87, subd. 1, was amended to replace the commissioner of revenue with the commissioner of commerce on the three-person productivity loan committee, which makes loans to state agencies to fund projects that reduce state costs or increase state revenues. Effective July 1, 2021. 2021 Laws, 1st Spec. Sess. Ch. 4, Art. 8, § 2.

Revenue recapture; private nonprofit hospitals. Minn. Stat. § 270A.04, was amended to require that a private nonprofit hospital that leases its building from the county or city in which it is located must annually provide the commissioner of revenue with a copy of the lease agreement. Effective July 2, 2021. Art. 11 § 12.

Tax expenditure budget. Minn. Stat. § 270C.11, subd. 2, was amended by changing the due date of the tax expenditure budget to November 1 of each even-numbered year; subdivision 4 was amended by requiring additional items to be included in the tax expenditure budget; and subdivision 6 was amended by providing new definitions for the tax expenditure budget. Effective for tax expenditure budgets due on or after November 1, 2023. Art. 11, §§ 14-16.

Tax incidence report. Minn. Stat. § 270C.13, subd. 1, was amended by changing the due date of the tax incidence study to March 1, 2021, and by March 1, 2024, and each even-numbered year thereafter. Effective for tax incidence reports due on or after March 1, 2021. Art. 11, § 17.

Taxpayer Assistance. Minn. Stat. § 270C.21 was amended to expand the types of organizations allowed to apply for and receive taxpayer assistance grants to include all “eligible organizations” as that term is defined under the Federal Volunteer Income Tax Assistance (“VITA”) program §7526A(e)(2)(B) of the Internal Revenue Code. Also, appropriations of \$700,000 and \$750,000 for fiscal years 2022 and 2023 respectively, were made to fund the grant program. Grants can be made to eligible organizations to provide taxpayer assistance services on a volunteer basis to low-income, elderly and disadvantaged Minnesota residents to help them with accounting, tax preparation and representation services associated with their federal and state income tax returns and Minnesota property tax refund claims. Effective for grants awarded after June 30, 2021. 2021 Minn. Laws, 1st Spec. Sess., ch 12, Art 1, § 14 and Art 2, § 18.

Property tax refund cost of living adjustment. Minn. Stat. § 270C.22, subd. 1, was amended to correct the statutory year calculation of inflation for the property tax refund chapter. Effective retroactively for property tax refunds based on property taxes payable in 2020, and rent paid in 2019. Art. 16, § 1.

Paid preparer; depositing client refunds. Minn. Stat. § 270C.445, subd. 3, was amended to clarify that a paid tax preparer may not take control or ownership of a client’s tax refund regardless of the manner in which the refund is paid. Effective July 2, 2021. Art. 16, § 2.

Background check; access to federal tax information. Minn. Stat. § 299C.76, was codified to allow for a requesting agency to fingerprint individuals who have or will have access to federal tax information for a national criminal history record information check through the Federal Bureau of Investigation in order to comply with the requirements of section 6103 of the Internal Revenue Code and IRS Publication 1075. The section also addresses fingerprint submission and written statement of understanding, the role and requirements of the Bureau of Criminal Apprehension, and classification of the data. Effective July 2, 2021. Art. 11, § 24.

Also, Minn. Stat. § 270B.13, was amended to add a new subdivision 3 to make clear that individuals performing services for an independent contractor or vendor under subdivision 1, that have or will have access to federal tax information are subject to the requirements of Minn. Stat. § 299C.76. Effective July 2, 2021. Art. 11, § 13.

Daylight savings time. Minn. Stat. § 645.071 was amended to provide that the standard of time in Minnesota is “advanced standard time” (commonly known as daylight saving time) as provided in federal law. The provision is effective upon the first commencement of advanced standard time following amendment of federal law to allow states to observe year round advanced standard time. 2021 Minn. Laws, Ch. 12, Art. 2 § 20.

Appropriation. Appropriates \$3,000,000 in fiscal year 2022 to the commissioner of revenue to administer the provisions of the omnibus tax bill. This appropriation is available until June 30, 2023. The base for this appropriation is \$1,000,000 in fiscal year 2024 and is \$0 in fiscal year 2025. Art. 11, § 44.

Great start for all Minnesotans task force. An uncodified provision establishes a task force to develop strategies to create a system in which family costs for early care and education are affordable, child’s access to high quality early care and education is not determined by race, income or zip code, and early childhood educators are qualified, diverse, supported and equitably compensated. The task force has 15 voting members and at least 22 nonvoting members including one appointed by the commissioner of revenue. The task force must meet by December 1, 2021, and at least once a month thereafter. The task force must submit preliminary findings to the governor and the legislature by December 15, 2022, and a final report and recommendations by February 1, 2023. Effective July 1, 2021. 2021 Minn. Laws, 1st Spec. Sess. Ch. 7, Art. 14 §18.

Fire remediation grants. Uncodified provisions provide onetime appropriations to the commissioner of revenue to provide by July 20, 2021, a grant of \$643,729 to the City of Melrose and \$120,000 to the City of Alexandria to remediate the effects of certain fires in those cities. The appropriations are available until June 30, 2023, and the cities must use the funds to administer grants to public or private entities as specified for costs incurred as a result of the fires. Effective July 2, 2021. Art. 11, § 46.

Tax expenditure review appropriation. Uncodified provisions appropriated funds to the Legislative Coordinating Commission for the Tax Expenditure Review Commission and to the Commissioner of Revenue to provide research support to the Tax Expenditure Review Commission. Effective July 1, 2021. Art. 11, § 43.

Effective dates. An uncodified provision was enacted that provides that any law enacted during the 2021 first special session that does not contain an effective date is effective retroactively to July 1, 2021. In the absence of this provision, any law signed by the governor after June 30, 2021, would become effective on July 1, 2022, under Minn. Stat. §645.02, which provides that the effective date is the “beginning of the first day of July next following its final enactment.” Effective July 2, 2021. Art. 11 § 39.