

February 16, 2022

	Yes	No
DOR Administrative Costs/Savings	X	

Department of Revenue
Analysis of S.F. 2865 (Housley)

	Fund Impact			
	<u>F.Y. 2022</u>	<u>F.Y. 2023</u>	<u>F.Y. 2024</u>	<u>F.Y. 2025</u>
	(000's)			
Individual Income Tax	\$0	(\$2,400)	(\$400)	(\$200)
Corporate Franchise Tax	\$0	(\$2,400)	(\$400)	(\$200)
General Fund	\$0	(\$4,800)	(\$800)	(\$400)

Effective retroactively beginning tax year 2020.

EXPLANATION OF THE BILL

Current Law: Current Minnesota law references the Internal Revenue Code as amended through December 31, 2018. The Consolidated Appropriations Act, 2021 (Public Law 116-260), enacted December 27, 2020, established a shuttered venue operators grant program to support theatrical venues closed due to COVID-19 restrictions. Grants received under the program are excluded from gross income, and expenses paid with the grants are deductible. Minnesota has not conformed to the exclusion.

Proposed Law: The bill would retroactively adopt the exclusion for shuttered venue operators grants.

REVENUE ANALYSIS DETAIL

- The estimate is based on the estimate for the federal legislation prepared by the staff of the Joint Committee on Taxation.
- The estimate was divided between the individual income tax and corporate franchise tax and apportioned to Minnesota. The estimate was adjusted for the difference between federal and state tax rates and federal and state fiscal years.
- Retroactive impacts are allocated to fiscal year 2022. For other years, corporate franchise tax impacts are allocated 30% / 70% to fiscal years.
- Individual income tax impacts are allocated to the following fiscal year.

Minnesota Department of Revenue
Tax Research Division
<https://www.revenue.state.mn.us/revenue-analyses>