

# 2025 INDIVIDUAL INCOME AND CORPORATE FRANCHISE TAXES LEGISLATIVE BULLETIN



Appeals, Legal Services, and Disclosure Division  
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**Electronic filing of political contribution refund.** Minn. Stat. §§ 10A.02, subd. 11b; 10A.322, subd. 4; and 290.06, subd 23, were amended to require the Commissioner of Revenue to establish an electronic filing system for the political contribution refund. Taxpayers will continue to have the option to file paper refund claims.

Under the amended law, candidates and parties will no longer receive paper official receipt books used to issue receipts to contributors. Instead, candidates and parties will input data into a Campaign Finance and Public Disclosure Board maintained electronic reporting system for each contribution of at least \$10. The Board will then send the candidate or party a completed receipt that will include a unique contribution number. The candidate or party will forward an electronic version of the receipt to the contributor or print the receipt and provide a paper copy.

Each business day, the Board will provide a receipt validation report to the commissioner that will contain the following information about each contribution:

1. The date and amount of the contribution,
2. The name and address of the contributor,
3. The name and campaign identification number of the party or candidate that received the contribution, and
4. The receipt validation number assigned to the contribution.

The information provided in these reports are classified as nonpublic data as defined in Minn. Stat. §13.02, subd. 9 and private data on individuals, as defined in Minn. Stat. §13.02, subd. 12.

Other substantive changes include:

1. Receipts will not be issued for contributions of less than \$10.
2. The minimum refund is \$10.
3. The prohibition against claiming more than one refund per year was repealed. Taxpayers will be able to file multiple claims provided that the aggregate refunds paid in a year for all contributions cannot exceed the maximum annual refund amount of \$75 or \$150 for married couples filing jointly.

Effective for contributions made after December 31, 2026. 2025 Minn. Laws, 1st Spec. Sess., Ch. 13, Art. 1, §§ 1, 2, and 9.

**Allocation limits.** Minn. Stat. § 41A.30, subd. 5, was amended to clarify that a total of \$11,600,000 in sustainable aviation fuel credits is allocated over three years. Credits allocated for years and not used may be rolled over for allocation in other years, up to June 30, 2030. A total of \$7,400,000 is available for allocation in fiscal year 2025; with the remaining \$4,200,000 available for allocation of \$2,100,000 in each of the fiscal years of 2026 and 2027. Effective June 15, 2025. 2025 Minn. Laws, 1st Spec. Sess., Ch. 13, Art. 1, § 3.

**Beginning farmer program; tax credits.** Minn. Stat. § 41B.0391, subds. 1, 2, and 4 were amended to repeal and replace the definition of “emerging farmer” with “limited land access farmer” as that term is defined in Minn. Stat. § 17.133, subd. 1. A limited land access farmer means a farmer, or farmer’s child, that is without ownership of land who rents or leases farmland from unrelated persons for a term of three years or less, or rents from an incubator farm. Like the former “emerging farmer”, limited land access farmers will be eligible for a beginning farmer income tax credit of twelve percent as opposed to the eight percent available to other farmers. Also, Minn. Stat. § 41B.0391, subd. 6a, was created to provide that the Rural Finance Authority in consultation with the commissioner of revenue must annually issue a report to the legislative committees with jurisdiction over agriculture, economic development, rural development and taxes regarding the impacts of the credits on beginning farmers as specified in that subdivision. The report is due no later than February 1 each year. Sections 21 – 23 are effective for taxable years beginning after December 31, 2024. Section 24 is effective for reports due for credits issued for taxable years beginning after December 31, 2025. 2025 Minn. Laws, Ch. 34, Art. 2, §§ 21 – 24.

**Film production credit.** Minn. Stat. § 116U.27, subd. 2, was amended to allow a taxpayer with expenses incurred in any consecutive 12-month period to be eligible for the film production credit. Effective retroactively for taxable years beginning after December 31, 2022. 2025 Minn. Laws, 1<sup>st</sup> Spec. Sess., Ch. 13, Art. 9, § 1.

**Taxpayer assistance and taxpayer outreach grants.** Under Minn. Stat. § 270C.21, subds. 3 and 4, for each of the taxable years of the next biennium, the legislature appropriated \$1,250,000 for taxpayer assistance and \$1,500,000 for taxpayer outreach respectively. Any unencumbered amounts do not cancel but are available the following year. Effective July 1, 2025. 2025 Minn. Laws, Ch. 39, Art. 1, § 14.

**Minnesota education credit.** Minn. Stat. § 270C.445, subd. 3, was amended to remove a taxpayer’s ability to assign the portion of a refund representing the Minnesota education credit available under section 290.0674 to a bank account without the client’s name, as provided under section 290.0679. Minn. Stat. §§ 13.4967, subd. 2(a), assignment of refund, and 290.0679, assignment of refund were repealed. Section 4 is effective for taxable years beginning after December 31, 2025. Section 20 is effective for assignments after December 31, 2025. 2025 Minn. Laws, 1st Spec. Sess., Ch. 13, Art. 1, §§ 4 and 20.

**Electric-assisted bicycles.** Minn. Stat. § 289A.51, subds. 1, 3 and 4 were amended to make various changes to the electric-assisted bicycle rebate program for 2025. Specifically, an “eligible individual” must:

- be at least 15 years old (same as 2024);
- not have been claimed as a dependent on another return (same as 2024);
- at the time of application, be a Minnesota resident, as well as in the two previous taxable years (new 2025);
- have filed an individual income tax return for those two previous taxable years (new 2025); and
- meet one the following:
  - adjusted gross income limitations: \$78,000 for those who are married and filed a joint return, \$62,000 for those who filed as head of household, and \$41,000 for all other individuals (changed for 2025); or
  - be a person with a disability (new for 2025).

A “person with disability” includes those that receive social security disability insurance, medical assistance for employed persons, are under 65 receiving supplemental social security income, or receive home and communicated based disability waiver services. In addition, the amount of the 2025 rebate was changed from the lesser of 75 percent of the eligible expenses paid by the applicant or \$1,500 (with an adjusted gross income phase out), to the lesser of 75 percent of the eligible expenses paid by the applicant or \$750 regardless of adjusted gross income. Finally, the rebate program is changed to a randomized lottery system if the total number of applicants exceed the available allocation of rebate certificates. The commissioner must detail the anticipated timeline for the lottery, provide a method for application and provide the amount of rebate certificates available for distribution under the lottery. If needed, the randomized lottery must be established by August 1, 2025. Effective for rebates after December 31, 2024. 2025 Minn. Laws, 1st Spec. Sess., Ch. 8, Art. 2, §§ 64 – 66.

**Social security subtraction correction.** Minn. Stat. § 290.0132, subd. 26, paragraphs (f), (g), and (h), as amended by 2025 Minn. Laws, Ch. 20, § 230, were amended to correct a reference to paragraph (c) that should be to paragraph (e). Also amends paragraph (j) to clarify that the threshold amounts in the simplified subtraction are adjusted for inflation under Minn. Stat. § 270C.22. Effective retroactively for taxable years beginning after December 31, 2022. 2025 Minn. Laws, 1st Spec. Sess., Ch. 13, Art. 9, § 2.

**Public pension subtraction.** Minn. Stat. § 290.0132, subd. 34, was amended to clarify "qualified public pension income" is the income of plan members who did not earn credits toward Social Security benefits for the same work that is the source of the pension income. Effective June 15, 2025. 2025 Minn. Laws, 1st Spec. Sess., Ch. 13, Art. 9, § 3.

**Coerced debt subtraction.** Minn. Stat. § 290.0132, was amended to add subdivision 36 to make the amount of discharge of indebtedness under section 332.73, subd. 3, a subtraction. Effective for taxable years beginning after December 31, 2024. 2025 Minn. Laws, 1st Spec. Sess., Ch. 13, Art. 1, § 5.

**Consumer enforcement public compensation payments subtraction.** Minn. Stat. § 290.0132, was amended to add subdivision 37 to make the amount of compensation received under section 8.37, subd. 5, a subtraction. Effective for taxable years beginning after December 31, 2024. 2025 Minn. Laws, 1st Spec. Sess., Ch. 13, Art. 1, § 6.

**Student loan education assistance paid by critical access dental clinics subtraction.** Minn. Stat. § 290.0132, was amended to add subdivision 38 to make the amount of student loan educational assistance payments received from critical access dental clinics a subtraction. Effective for taxable years beginning after December 31, 2025. 2025 Minn. Laws, 1st Spec. Sess., Ch. 13, Art. 1, § 7.

**Foreign service pension; retirement pay.** Minn. Stat. § 290.0132, was amended to add subdivision 39 to make a portion of the amount of federal pension compensation or other retirement pay received for foreign service a subtraction. Effective for taxable years beginning after December 31, 2024. 2025 Minn. Laws, 1st Spec. Sess., Ch. 13, Art. 1, § 8.

**Business interest expense limitation.** Minn. Stat. § 290.0134, subd. 20, the corporate subtractions to federal taxable income, was amended to correct a cross-reference to the corporate additions to federal taxable income. Effective retroactively for taxable years beginning after December 31, 2019. 2023 Minn. Laws, Ch. 1, § 22, temporary additions and subtractions was amended to make clear the definition of “income” for composite filers and the pass-through entity tax includes the individual addition for the disallowed business interest deduction in Minn. Stat. § 290.0131, subd. 19. Effective retroactively at the same time the changes in Laws 2023, chapter 1, section 22 were effective for federal purposes. 2025 Minn. Laws, 1st Spec. Sess., Ch. 13, Art. 9, §§ 4 and 9.

**Income tax rates for individuals, estates and trusts.** Minn. Stat. § 290.06, subd. 2c, para. (e), was amended to remove obsolete references to repealed subtractions under Minn. Stat. § 290.0132, subds. 10 and 17. Effective August 1, 2025. 2025 Minn. Laws, Ch. 20, Art. 1, § 231.

**Pass-through entity tax paid to another state.** Minn. Stat. § 290.06, subd. 23a, para. (b), was amended so that the word “section” is replaced with “subdivision” consistent with the intent of the provision. Effective, August 1, 2025. 2025 Minn. Laws, Ch. 20, Art. 1, § 232.

**Limitation; carryover.** Minn. Stat. § 290.068, subd. 3, was amended to allow for partial refundability of the credit. It also was amended to number all paragraphs of the subdivision, and to make clear that carryover credits do not include any credits that were refunded. Effective for taxable years beginning after December 31, 2024. 2025 Minn. Laws, 1st Spec. Sess., Ch. 13, Art. 1, § 10.

**Credit to be partially refundable.** Minn. Stat. § 290.068, was amended to add new subdivision 3a, which allows for a taxpayer to elect partial refundability of excess credits for the current tax year for tax years beginning after December 31, 2024. Any excess credit must be current year, and after unitary members have had their tax liabilities satisfied. The new subdivision allows for any remaining credit to be carried over, and makes clear that an election for refundability is irrevocable and must be made on an original return. Effective for taxable years beginning after December 31, 2024. 2025 Minn. Laws, 1st Spec. Sess., Ch. 13, Art. 1, § 11.

**Determination of refundability rate.** Minn. Stat. § 290.068, was amended to add new subdivision 3b, which gives the partial refundability rate or rate calculations. New subdivision 3b

sets the refundability rate for tax year 2025 at 19.2 percent, and for taxable years 2026 and 2027 it is set at 25 percent. For tax years 2028 and after, each year by December 15<sup>th</sup>, the rate will be set and published by the Minnesota Department of Revenue using the November forecast. Effective for taxable years beginning after December 31, 2024. 2025 Minn. Laws, 1st Spec. Sess., Ch. 13, Art. 1, § 12.

**Appropriation.** Minn. Stat. § 290.068, was amended to add a new subdivision 8. This new subdivision appropriates sufficient amounts from the general fund to pay for the continuing research partial refundability. Effective June 15, 2025. 2025 Minn. Laws, 1st Spec. Sess., Ch. 13, Art. 1, § 13.

**Renter's credit.** Minn. Stat. § 290.0693, subd. 1, was amended to clarify the definition of “dependent” for the renter’s credit to include that the dependent needs to be claimed as a dependent by the taxpayer. Minn. Stat. § 290.0693, subd. 6, was amended to change the ratio calculation used to determine the renter’s credit for taxpayers who accept medical assistance housing support payments. Minn. Stat. § 290.0693, subd. 8, was amended to clarify that married couples filing joint tax returns will use the total of both spouses’ gross rent when claiming the renter’s credit. Subdivision 8 was also amended to further clarify that when married and filing a separate return, both spouses’ share of gross rent must be used to calculate the credit. Effective for taxable years beginning after December 31, 2024. 2025 Minn. Laws, 1st Spec. Sess., Ch. 13, Art. 9, §§ 5-7.

**Short line railroad credit certificates; written agreement required; transferability.** Minn. Stat. § 290.0695, subd. 1, was amended to create definitions for the “credit certificate” and “transfer credit certificate” that are used in the short line railroad modernization infrastructure credit certification and transferability process. Minn. Stat. § 290.0695, subd. 3 was amended to create the process by which the commissioner of transportation administers the application and approval for one credit certificate per eligible taxpayer per taxable year. As part of the process, the commissioner of transportation provides a copy of each credit certificate to the commissioner of revenue showing both the number of qualified track miles and the total amount of the credit. This amendment allows the eligible taxpayer to transfer either all or part of the credit allowed for the taxable year before the taxpayer claims the credit, or all of the taxpayer’s carryforward amount in the succeeding five taxable years. Such transfer can only occur once a year, by written agreement among the eligible parties. Additionally, Minn. Stat. § 290.0695, subd. 3(d), which described the transferee’s audit assessment liability, was stricken. Effective for taxable years beginning after December 31, 2024. 2025 Minn. Laws, 1st Spec. Sess., Ch.13, Art. 1, §§ 14 and 15.

**Credit calculation.** Minn. Stat. § 290.0695, subd. 2, was amended to make clear that the short line railroad infrastructure modernization credit does not exceed the product of multiplying the qualifying number of miles of owned or leased Minnesota railroad track with qualified expenditures by \$3,000. Effective retroactively for taxable years beginning after December 31, 2022. 2025 Minn. Laws, 1st Spec. Sess., Ch. 13, Art. 9, § 8.

**Alternative minimum tax.** Minn. Stat. § 290.091, subd. 2, was amended so that an individual’s alternative minimum tax calculation includes a subtraction for coerced debt, public compensation

payments, student loan assistance and foreign service pensions provided in section 290.0132, subds. 36 to 39. Effective for taxable years beginning after December 31, 2024. 2025 Minn. Laws, 1st Spec. Sess., Ch. 13, Art. 1, § 16.

**Income.** Minn. Stat. § 290A.03, subd. 3, was amended to provide that discharges of indebtedness for coerced debts and consumer restitution payments are not included in the income definition used to calculate the homestead credit refund. Effective for claims based on property taxes payable in 2026 and thereafter. 2025 Minn. Laws, 1st Spec. Sess., Ch. 13, Art. 1, § 17.

**Credit for manufactured home parks to cooperatives.** Minn. Stat. § 327C.095, subd. 12, was amended to require the Minnesota Housing Finance Agency to include information about the income tax credit under Minn. Stat. § 290.0694 and notice requirements related to manufactured home park sales to cooperatives in the annual letter to manufactured home park owners. Effective July 1, 2025. 2025 Minn. Laws, Ch. 32, Art. 3, § 1.

**Correction of errors; certain retirement contributions.** An uncodified provision was added to require annuity contract providers to treat individual retirement plan contributions received no later than the time prescribed by law under section 219(f)(3) of the Internal Revenue Code as having been made the preceding taxable year as long as the individual notifies the annuity contract provider within three years from the original return due date. Effective retroactively for contributions made in calendar year 2023 and designated to apply to the tax year 2022 contribution limitation. 2025 Minn. Laws, 1st Spec. Sess., Ch. 13, Art. 1, § 18.

**SEIU healthcare Minnesota and Iowa bargaining unit members stipend payments.** An uncodified provision was added to require the commissioner of human services to issue stipends to certain collective bargaining members. The provision further provides these stipends are a subtraction under section 290.0132, subd. 1, and are excluded from alternative minimum taxable income under section 290.091 and income as defined in sections 290.0693, subd. 1(i), and 290A.03, subd. 3. Effective June 15, 2025. 2025 Minn. Laws, 1st Spec. Sess., Ch. 13, Art. 1, § 19.