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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETY-THIRD SESSION

H. F. No. 4619

03/07/2024 Authored by Nadeau, Knudsen, Skraba, Myers, Novotny and others
The bill was read for the first time and referred to the Committee on Taxes

1.1 A bill for an act
1.2 relating to taxation; individual income; establishing a budget surplus credit;
1.3 appropriating money; proposing coding for new law in Minnesota Statutes, chapter
1.4 290.

1.5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.6 Section 1. 290.0696 BUDGET SURPLUS CREDIT.

1.7 Subdivision 1. Definitions. (a) For purposes of this subdivision, the following terms
1.8 have the meanings given.

1.9 (b) "Budget close report" means the report required under section 16A.103, subdivision
1.10 1i.

1.11 (c) "Qualifying tax year" means the even-numbered taxable year immediately preceding
1.12 the calendar year in which the budget close report is issued for a biennium that includes the
1.13 even-numbered taxable year.

1.14 (d) "Qualifying taxpayer" means an individual or married couple who, for a qualifying
1.15 tax year, both filed a Minnesota individual income tax return within six months of the due
1.16 date for filing a return in an odd-numbered year and reported a tax liability. Qualifying
1.17 taxpayer does not include a dependent, as defined in sections 151 and 152 of the Internal
1.18 Revenue Code, for the qualifying tax year.

1.19 Subd. 2. Credit allowed. (a) A qualifying taxpayer is allowed a budget surplus credit
1.20 retroactively under this subdivision for a qualifying tax year. The credit may not exceed the
1.21 taxpayer's liability for tax in the qualifying tax year, as computed under this chapter, for the
1.22 taxable year. The credit is equal to the amount of a qualifying taxpayer's tax liability, if any,

2.1 in the qualifying tax year, multiplied by the credit percentage calculated under this
2.2 subdivision. By January 31 of each odd-numbered year, the commissioner of revenue must
2.3 determine the amount of each qualifying taxpayer's budget surplus credit and pay a refund,
2.4 if any, to each qualifying taxpayer as required by this subdivision.

2.5 (b) The credit percentage for each qualifying taxpayer is the amount of the unrestricted
2.6 balance at the close of the biennium as determined by the commissioner of management
2.7 and budget in the most recent budget close report, less any amount the commissioner of
2.8 management and budget estimates will be necessary to make the allocations in section
2.9 16A.152, subdivision 2, divided by the aggregate tax liability of all qualifying taxpayers in
2.10 a qualifying tax year.

2.11 Subd. 3. **Part-year residents.** For a qualifying taxpayer who was a resident of Minnesota
2.12 for less than the entire taxable year for which the return was filed, the credit equals the credit
2.13 amount determined under subdivision 2, multiplied by the percentage determined in section
2.14 290.06, subdivision 2c, paragraph (e), as calculated on the qualifying taxpayer's original
2.15 income tax return for a qualifying tax year.

2.16 Subd. 4. **Claim for refund not required.** A refund due to the application of the credit
2.17 allowed under this section must be paid by the commissioner of revenue based on information
2.18 available in the commissioner's records, except that, if the records are not sufficient to allow
2.19 the commissioner to make a payment, the commissioner may require an individual to file
2.20 an amended return to claim the refund. Except as otherwise provided, the commissioner
2.21 must not require a qualifying taxpayer to file a claim to receive the refund. The commissioner
2.22 must update all forms and instructions for the qualifying tax year to reflect the availability
2.23 of the credit. The commissioner must adjust the tax liability of a qualifying taxpayer receiving
2.24 a surplus credit for the qualifying tax year. Refunds under this section are refunds for
2.25 purposes of revenue recapture under section 270A.03, subdivision 7.

2.26 Subd. 5. **Refunds; authority of commissioner.** Notwithstanding sections 9.031 and
2.27 16B.49, chapter 16C, and any other law to the contrary, the commissioner of revenue may
2.28 take whatever actions the commissioner deems necessary to pay the refunds required by
2.29 this subdivision. The commissioner may, in consultation with the commissioner of
2.30 management and budget, contract with a private vendor or vendors to process, print, mail,
2.31 or deliver the checks, warrants, or debit cards that may be required under this subdivision
2.32 and receive and disburse state funds to make the direct payments by check, warrant, electronic
2.33 funds transfer, or debit card.

3.1 Subd. 6. Refunds; appropriation. By December 31 of each odd-numbered year, the
3.2 amount necessary to pay the refunds provided in this subdivision is appropriated from the
3.3 general fund to the commissioner of revenue.

3.4 EFFECTIVE DATE. This section is effective the day following final enactment, for
3.5 refunds due by December 31, 2025.