

February 10, 2025

	Yes	No
DOR Administrative Costs/Savings	X	

Department of Revenue
Analysis of H.F. 4 (Johnson, W.) As Proposed to be Amended (H0004A2)

	Fund Impact			
	<u>F.Y. 2026</u>	<u>F.Y. 2027</u>	<u>F.Y. 2028</u>	<u>F.Y. 2029</u>
		(000's)		
General Fund	\$0	\$0	\$0	\$0

Effective upon approval by voters at the 2026 general election.

EXPLANATION OF THE BILL

Proposed Law: The bill would create a 2026 general election state ballot measure to amend the Minnesota Constitution to create a Minnesota tax relief account in the state treasury. Any excess revenue exceeding 105% of projected expenditures would be deposited into the account. Money in the account would be returned to property and income taxpayers through refunds or one-time tax reductions. A refund to a taxpayer could not exceed the taxpayer’s tax liability. The amount of excess revenue would be determined by the legislature based on one of the two most recent general fund budget forecasts for the current biennium.

The ballot question would be:

“Shall the Minnesota Constitution be amended to create a Minnesota tax relief account funded by the amount of projected revenues that exceed 105% of expenditures, that the legislature must use to refund or reduce state taxes?”

REVENUE ANALYSIS DETAIL

- The bill would have no immediate impact since revenue is not projected to exceed expenditures in the November 2024 forecast.
- The amount of any future refunds would depend on the size of the surplus.
- The term “property and income taxpayers” is not defined. It is assumed to include individual income taxpayers who filed a return and had positive tax liability after nonrefundable credits, and homestead property taxpayers.

Number of Taxpayers: In tax year 2022, about 2,372,900 taxpayers (2,209,100 full-year residents) had positive income tax liability after nonrefundable credits. In 2024, about 1,494,400 resident homesteads and 73,600 agricultural homesteads were assessed property tax. There is significant overlap between income and property taxpayers.

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