

Subject Tax Expenditure Review Commission procedural changes; limitations on tax expenditure bills modified

Authors Agbaje and Gomez

Analyst Sean Williams

Date March 26, 2025

Overview

The bill makes the following changes related to bills establishing tax expenditures and the Tax Expenditure Review Commission (TERC):

- 1) Repeals the requirement that tax bills creating or extending tax expenditures include purpose statements, and replaces it with a requirement that the chairs of the tax committees submit purpose statements to the TERC after a bill is enacted.
- 2) Permits the commissioner of revenue to designate another individual to represent the commissioner at TERC meetings.
- 3) Changes the due date of the annual TERC report from December 15 to February 15.
- 4) Requires the first meeting of the TERC to be convened by the commissioner of revenue.

Summary

Section	Description
---------	-------------

- | | |
|---|--|
| 1 | <p>Requirements for new or renewed tax expenditures (added via amendment).</p> <p>Modifies the requirement that bills creating, renewing, or continuing a tax expenditure include a purpose statement. Under current law, those bills must include a statement of purpose in the bill text; H.F. 1106 proposes that the tax committee chairs of the senate and house must submit a “statement of objective” to the TERC within 60 days of the enactment of a tax expenditure.</p> <p>Effective the day following final enactment.</p> |
| 2 | <p>Definitions.</p> <p>Defines “commissioner” as the commissioner of revenue.</p> <p>Effective the day following final enactment.</p> |

Section	Description
3	<p>Membership.</p> <p>Permits the commissioner of revenue to designate another individual to represent the commissioner at meetings of the TERC.</p> <p>Effective the day following final enactment.</p>
4	<p>Duties.</p> <p>Conforming change to reflect the new process in the amendment for tax expenditure purpose statements.</p> <p>Effective the day following final enactment.</p>
5	<p>Components of review.</p> <p>Conforming change to reflect the new process in the amendment for tax expenditure purpose statements.</p> <p>Effective the day following final enactment.</p>
6	<p>Report to legislature.</p> <p>Requires the TERC report to be submitted to the legislature by February 15. Under current law the report is due December 15.</p>
7	<p>Terms; vacancies; meetings.</p> <p>Reuquires the commissioner of revenue to convene the first meeting of the commission.</p> <p>Effective the day following final enactment.</p>
8	<p>Contents.</p> <p>Conforming change to reflect the new process in the amendment for tax expenditure purpose statements.</p> <p>Effective the day following final enactment.</p>



**MN HOUSE
RESEARCH**

Minnesota House Research Department provides nonpartisan legislative, legal, and information services to the Minnesota House of Representatives. This document can be made available in alternative formats.

www.house.mn.gov/hrd | 651-296-6753 | Third Floor, Centennial Office Building | St. Paul, MN 55155