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S.F. No. 2405 - Local government debt financing modification (as proposed to be amended by the A-7 delete-everything amendment)

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Date: February 13, 2024

Sections 1 to 3. Standard deduction amount; additional amount for seniors or blind taxpayers; amount for dependents. Under current law, the standard deduction, additional amounts for senior and blind taxpayers and dependents, and the income phaseout threshold are annually adjusted for inflation using a “statutory year” as the base year against which the adjustment is calculated. When the standard deduction income phaseout threshold was increased in the 2023 omnibus tax bill, the statutory year for that increase was set to 2023, while the standard deduction and additional amounts for senior and blind taxpayers and dependents were not updated. The change in the omnibus tax bill does not affect 2023 returns, but would affect inflationary adjustments for the standard deduction, additional amounts for senior and blind taxpayers and dependents, and income phaseout threshold beginning in tax year 2024.

Section 1 updates the standard deduction amounts for all filers for tax year 2023. These amounts will be annually updated for inflation beginning in tax year 2024. Effective retroactively to tax year 2023.

Section 2 updates the additional amount added to the standard deduction for senior or blind taxpayers for tax year 2023. These amounts will be annually updated for inflation beginning in tax year 2024. Effective retroactively to tax year 2023.

Section 3 updates the additional amount added to the standard deduction for dependents for tax year 2023. This amount will be annually updated for inflation beginning in tax year 2024. Effective retroactively to tax year 2023.

Section 4. Definitions [applicable to the statewide local housing aid program]. Modifies the definition of “eligible Tribal Nation” to include any of the 11 federally recognized Indian Tribes in Minnesota which submit an application for housing aid. Effective for aids payable in 2024 and later.

Section 5. Administration [of the statewide local housing aid program]. Clarifies the schedule on which the commissioner of revenue must certify and pay aids to eligible local governments and eligible Tribal Nations. Effective for aids payable in 2024 and later.

Section 6. Beltrami County; taxes authorized. Modifies the Beltrami County local sales tax authorization from the 2023 omnibus tax to validate county voters’ approval of the tax at the November 2023 special election. Effective retroactively to November 7, 2023.

Section 7. Applications of Tribal Nations for statewide housing aid payable in 2024. Extends the Tribal Nation application deadline from January 15 to June 30, 2024, to accommodate Tribal Nations that become newly eligible for aid in 2024 under section 4. Authorizes the commissioner to recertify the amount of 2024 statewide local housing aid payable to each Tribal Nation. (Recertification would become necessary if one or more newly eligible Tribal Nations apply for aid in 2024.) Effective for aids payable in 2024.