



Association of Minnesota Counties

TAX COMPARISON CHART

AS PASSED BY THE LEGISLATURE ON MAY 21, 2023

PROPERTY TAX AIDS/COUNTY PRIORITIES			
	HOUSE	SENATE	FINAL TAX AGREEMENT
CPA	\$100m/year starting FY 2025 with inflation starting with aids payable 2026 (FY 2027).	\$40m/year starting FY 2025. No inflation mechanism.	\$80m/year starting in FY 2025, no inflation mechanism.
PILT	Increases per-acre amount for county-administered and commissioner-administered land from \$2/acre to \$3/acre AND create a new PILT payment for counties with high proportions of PILT acreage. For counties where PILT acreage is equal/greater than 25% of county's total acreage, a county would receive \$.18/per acre of PILT eligible land. For counties with PILT lands between 10-25%, they would receive \$.08/per acre of PILT eligible land.	Only increases per-acre amount for county-administered and commissioner-administered land from \$2/acre to \$2.25/acre.	House's language, roughly \$9.3m to counties for FY 2024/25 and \$21.2m in FYs 26-27. Increases per-acre amount for county-administered and commissioner-administered land from \$2/acre to \$3/acre AND create a new PILT payment for counties with high proportions of PILT acreage. For counties where PILT acreage is equal/greater than 25% of county's total acreage, a county would receive \$.18/per acre of PILT eligible land. For counties with PILT lands between 10-25%, they would receive \$.08/per acre of PILT eligible land.
HOMELESS PREVENTION AID	\$40m/year annually--a \$20m/year increase and push out of expiration date until 2031.	Not included.	No increases to Aid, a new 12% set aside of fund for tribes. New Aid amounts equal \$17.6m/year to counties and \$2.4m/year to tribes until 2028.
SCORE	Increases by 5% of solid waste management tax proceeds that are credited to the environmental fund. Requires that the 5% be deposited in the resource management account and spent on certain county waste reduction and recycling programs. Effective immediately upon enactment.	Does not begin until FY 2027 (\$18.4m/year distributed to SCORE for grants).	3% increase of the solid waste management tax to SCORE related activities, roughly \$6.9m in FYs 24-25, \$7.3m in FYs 26-27.

PUBLIC SAFETY AID	Not included.	One-time \$300m public safety aid to local governments--\$90m to counties. No requirement for local government who contracts with a county to share appropriation.	One-time \$300m public safety aid to local governments--\$90m to counties. No requirement for local government who contracts with a county to share appropriation. Eligible uses: community violence prevention/intervention programs, community engagement, mental health crisis responses, victim services, training programs, first responder wellness, equipment related to fire/rescue/EMS or "other personnel or equipment costs."
ELECTION AID	Not included.	\$10m/year to two separate accounts in the special revenue fund: \$6/year into an account to reimburse counties/cities for operational expenses related to elections and \$4m/year into an account for election infrastructure.	Not included (although a smaller election aid proposal IS included in Omnibus State Government bill).
CONSTRUCTION MATERIALS SALES TAX EXEMPTION	Temporary exemption for local governments/certain nonprofits for construction materials purchased between June 30, 2021, and January 2, 2025.	Not included.	Not included.

PROPERTY TAX POLICY

	HOUSE	SENATE	FINAL TAX AGREEMENT
HOMESTEAD EXCLUSION EXPANSION (AMC PLATFORM)	Increases value thresholds and the maximum exclusion for homestead market value exclusion--\$80K threshold, maximum exclusion of \$32K, maximum market value \$437K	Increases value thresholds and the maximum exclusion for homestead market value exclusion--\$95K threshold, maximum exclusion of \$38K, maximum market value \$517K	Increases value thresholds and the maximum exclusion for homestead market value exclusion--\$95K threshold, maximum exclusion of \$38K, maximum market value \$517K
PROPERTY TAX REFUND (AMC PLATFORM)	Reduces all eligible homeowner copays 5%	Not included	Reduces all eligible homeowner copays 3%
	One-time 13.8% PTR payment and Renters credit payment (\$123m for both)	Not included	One-time 20.6% PTR payment and Renter Credit payment (\$185m for both).

TARGETED PROPERTY TAX REFUND (AMC PLATFORM)	One-time threshold reduction from 12% to 6% increase of property taxes and max refund increase from \$1,000 to \$2,500. Pay 2023 only.	Ongoing expansion of PTR program to reduce threshold from 12% to 10% increase of property taxes and max refund increase from \$1,000 to \$2,000.	One-time threshold reduction from 12% to 6% increase of property taxes and max refund increase from \$1,000 to \$2,500. Pay 2023 only.
SENIOR PROPERTY TAX DEFERRAL PROGRAM (AMC PLATFORM)	Expands the senior property tax deferral program by increase household income limit to participate from \$60K/year to \$96K/year and reducing the number of years a person must have lived in their home from 15 to 5 years.	Same.	Expands the senior property tax deferral program by increase household income limit to participate from \$60K/year to \$96K/year and reducing the number of years a person must have lived in their home from 15 to 5 years.
SOLAR TAX RATE UNIFORMITY (AMC PLATFORM)	Requires real property to be classified as class 3a (commercial) if the property contains more than one solar energy storage system that in aggregate exceed 1MW-- this is MAAO and AMC supported	SIMILAR.	Requires real property to be classified as class 3a (commercial) if the property contains more than one solar energy storage system that in aggregate exceed 1MW-- this is MAAO and AMC supported
NEW ENERGY STORAGE FACILITY PROPERTY TAX EXEMPTION	Not included.	Establishes a new, ongoing property tax exemption for energy storage systems with a capacity lower than 300 MW and not located in an "energy community"	Not included.
FIRST TIER AG HOMESTEAD INCREASE	Not included.	Increases first tier valuation limit for ag homestead at \$3.5m starting in assessment year 2024. Limit increases by DOR every year thereafter	Increases first tier valuation limit for ag homestead at \$3.5m starting in assessment year 2024. Limit increases by DOR every year thereafter.
ITIN PROVISIONS	Expands homestead to individuals with ITINs.	Same	Expands homestead to individuals with ITINs.
CLASS 1B "MA/PA" RESORTS	Not included.	Increases the tier rates for class 1c homestead resort property. New/proposed tiers/rates as follows: Tier 1 (.5% rate) market value up to \$850K; Tier 2 (1% rate) market value from \$851K to \$3.1m; Tier 3 (1.25% rate) on any value over \$3.1m and subject to state general levy.	Not included.

4D	Makes changes to include community land trusts and sets classification rate at .75% for community land trust units that are owned and used as a homestead. Does not include any changes to 4d(1)	Sets classification rate for 4d(1)--low income rental properties--to .25% but requires all new properties that were not classified as 4d(1) prior to assessment year 2024 to receive municipal approval prior to applying for MHFA approval for class rate. A property owner does not need to apply for this approval if the property is located in a city/town which has a net tax capacity of class 4d(1) that does not exceed 2% of total tax capacity. Requires counties to compile a report on how savings were used. Senate also provides a small, targeted 4d transition aid for 2025/26 only for communities who tax capacity falls by a certain amount due to new classification.	Sets classification rate for 4d(1)--low income rental properties--to .25% but requires all new properties that were not classified as 4d(1) prior to assessment year 2024 to receive municipal approval prior to applying for MHFA approval for class rate. A property owner does not need to apply for this approval if the property is located in a city/town which has a net tax capacity of class 4d(1) that does not exceed 2% of total tax capacity. Requires owners to spend savings on rent stabilization, property maintenance, property security, property improvements, or to increase property's replacement reserve account. Also provides a small, targeted 4d transition aid for 2025/26 only for communities who tax capacity falls by a certain amount due to new classification.
DISABLED VETS HOMESTEAD EXCLUSION	Allows surviving spouses of veterans who previously received an exclusion but then timed out to reapply.	Increases the exclusion base and ceiling from \$150K to \$165K and from \$300K to \$330K.	No increases to exclusion base/ceiling. Allows surviving spouses of veterans who previously received an exclusion but then timed out to reapply.
EXPANDED PROPERTY TAX NOTICE STATEMENT	MACO-supported changes to 2021's mandate for an expanded supplementary tax statement.	Not included.	MACO-supported changes to 2021's mandate for an expanded supplementary tax statement.
TAX DELINQUENCY RATES	Allows a county to set a tax delinquency rate that is lower than the current 10% rate.	Same.	Allows a county to set a tax delinquency rate that is lower than the current 10% rate.

OTHER ITEMS OF NOTE

	HOUSE	SENATE	FINAL TAX AGREEMENT
FIFTH TIER INCOME TAX RATE	Creates a new, 5th tier on individual income tax with a rate of 10.85%. Tier begins at \$1m for married/joint filers and \$600K for single filers, \$800K for head of household.	Not included.	Not included.
SOCIAL SECURITY BENEFITS	Expands the current social security subtraction to allow full subtraction of all federal benefits for income of married joint returns below 100K or \$78K for single/head of household. Income subtraction over these thresholds are then phased down by 10% for each \$2K of AGI for married/joint filers and \$1K of AGI for single/head of household.	Similar expansion of the underlying subtraction but different phase out schedule--subtraction by 10% of each \$4K of AGI over the phaseout thresholds for joint filers and \$2K of AGI over phase out for single/head of household.	Expands current social security subtraction to allow full subtraction of income for married/joint filers with FAGI under \$100K or \$78K for single/head of household. Income subtraction phased out over these thresholds by 10% for each \$4K of AGI and \$2K of AGI over phase out for single/head of household until \$140K.
MORTGAGE REGISTRY DEED TAX REGISTRATION DEDICATION	A portion of funds transferred over are dedicated to a workforce and affordable housing development account	Not included.	A portion of funds transferred over are dedicated to a workforce and affordable housing development account
ONE-TIME REBATES	\$550 for married/joint filers, \$275 for single filers, \$275 per dependent. Credit limited to taxpayers with AGI below \$150K for married/joint or \$75K for single	\$558 for married/joint filers, \$279 for single filers, \$56 per dependent. Similar income limits as House.	One time rebate of \$520 for married/joint filers \$260 for single filers and \$260 for each dependent up to a maximum of \$780. Income limits apply: no credit for MJ \$150K, single/head of household \$75K
LOCAL HOMELESS PREVENTION AID CHANGES	House adds tribal governments to the distribution of the aid, increases the aid to \$40m/year and pushes out the expiration until 2031.	Not included.	No increase in aid, adds tribal governments to distribution formula resulting in 12% shift from county payments.

CHILD CARE	Restructures MN child and working family credit into a combined credit based on taxpayers earned income and number of qualifying children. The "child credit" portion will equal \$1,275 per child with no cap on number of eligible children. The "working family" credit portion will equal 4% of the first \$12,500 of earned income up to a maximum credit of \$500. Certain income phase outs/limitations apply.	Senate creates a "great start childcare and dependent care credit" which provides a 50% credit of eligible childcare costs (\$7,000 for childcare costs for one child; \$14K for two children; \$19K for three or more children) reduced by one percentage point for each \$800 over AGI income of \$160K for married/joint or \$80K for single. Senate ALSO creates a Minnesota "child tax credit" (similar to House proposal) that provides a credit equal to \$620 for each child with certain income limitations.	Child tax credit of \$1750 per child, phaseouts start at \$35K MJ/\$29K single/head of household. Expansion of working family credit.
NEW TRIBAL NATIONS HOMELESSNESS AID	Not included.	\$44m one-time tribal nations housing and homelessness aid.	Not included.
NEW TRIBAL AID	New \$75m/year aid category for tribal nations starting in FY 2025.	Not included.	New \$35m/year Tribal Nations Aid program starting in FY 2025.
NEW ELECTRIC GENERATION TRANSITION AID	Establishes a new, electric generation transition aid for counties, cities, townships and school districts that lose a certain amount of tax base (4%) when a plant is retired. Aid becomes phased out over 20 years.	Same.	Establishes a new, electric generation transition aid for counties, cities, townships and school districts that lose a certain amount of tax base (4%) when a plant is retired. Aid becomes phased out over 20 years.
NEW LOCAL HOUSING AFFORDABILITY AID	New, annual aid program for tribal governments and local governments to help develop affordable housing. AMC workforce housing language included. \$24m/year to counties; \$6.8m/year to cities; \$4.2m/year to tribal nations. In FY 2024/25, counties receive \$10.2m more.	Not included.	New, annual aid program for tribal governments and local governments to help develop affordable housing. AMC workforce housing language included. Dollar amounts scaled down a bit from original house language.
NEW SWCD AID CATEGORY	\$22m in 2023 and \$14m/year thereafter--70% of aid distributed equally among districts, 20% on each district's proportional share of nonpublic land; 10% on the cube root of each district's population.	Similar	\$15m/year in FY 24 and 25, \$12m/year in FY 26 and 27.