

# Tax Expenditure Review Commission

## Meeting Minutes

March 15, 2024

### Present:

Rep. Esther Agbaje

Rep. Greg Davids

Rep. Steve Elkins

Rep. Jim Joy

Sen. Matt Klein

Commissioner Paul Marquart

Sen. Ann H. Rest

### Excused:

Sen. Steve Drazkowski

Rep. Aisha Gomez (ex-officio)

Sen. Bill Weber

Chair Rest called the hybrid meeting of the Tax Expenditure Review Commission (“TERC”) to order at 4:03 PM. Chair Rest and Vice-Chair Agbaje attended in person, and all other members participated remotely. [The meeting was live streamed to the public via YouTube.](#)

A quorum was present.

Review and Approval of January 25, 2024, Meeting Minutes

The meeting minutes from January 25, 2024, were approved as presented.

Presentation and Discussion of Selected Tax Expenditures

1. Joel Enders, LBO Lead Budget Analyst, presented the tax expenditure initial review on Open Space Property (Minn. Stat. § 273.112).
2. Joel Enders, LBO Lead Budget Analyst, presented the tax expenditure initial review on Data Center Equipment (Minn. Stat. § 297A.68, subd. 42).
3. Carlos Güereca, LBO Lead Budget Analyst, presented the tax expenditure initial review on the Wind Energy Conversion Systems Exemption (Minn. Stat. § 297A.68, subd. 12).
4. Carlos Güereca, LBO Lead Budget Analyst, presented the tax expenditure initial review on the Microdistillery Credit (Minn. Stat. § 297G.03, subd. 5).
5. Carlos Güereca, LBO Lead Budget Analyst, presented the tax expenditure initial review on the Small Winery Credit (Minn. Stat. § 297G.03, subd. 6).

Vice-Chair Agbaje moved to adopt the recommendations and proceed with tax expenditure evaluations for those expenditures reviewed and presented at the TERC March 15, 2024,

meeting (Open Space Property, Data Center Equipment, Wind Energy Conversion Systems Exemption, Microdistillery Credit, and Small Winery Credit) and at the TERC January 25, 2024, meeting (Marriage Credit, Employer Transit Pass Credit, Solar Energy System Exemption, and Credit for Small Brewers). The motion prevailed.

Christian Larson, LBO Director, advised that the LBO will begin full evaluations of those tax expenditures and that those reviews may take anywhere between 2-6 months.

#### Future Meeting Topics

Vice-Chair Agbaje requested that the LBO prepare three additional tax expenditure initial reviews to be presented at the next meeting:

1. Angel Investment Credit
2. Interest on Contributions to First-Time Homebuyer Account
3. Home Mortgage Interest Deduction

The commission agreed to move ahead with Vice-Chair Agbaje's proposed initial reviews for three additional tax expenditures for the next meeting but to wait on any additional initial reviews until the LBO completes its full evaluations of those tax expenditures from the TERC March 15, 2024, and January 25, 2024, meetings.

The commission determined that it will try to hold one additional meeting before the end of the 2024 legislative session.

#### TERC Statute Updates – SF 4522 (2024)

Chair Rest introduced the commission to SF 4522 (2024), which makes some changes to TERC's enabling statute. Commission members discussed the potential impact of SF 4522 on TERC.

#### Adjournment

The meeting adjourned at 4:58 PM.