

Tax Expenditure Review Commission

Meeting Minutes

August 16, 2024

Hybrid Meeting – MN State Capitol G-15/Zoom

Chair Ann H. Rest called the meeting of the Tax Expenditure Review Commission (TERC) to order at 10:00 AM.

Members Present:

Sen. Ann H. Rest (Chair)
Rep. Esther Agbaje (Vice-Chair)
Rep. Greg Davids
Rep. Steve Elkins
Rep. Aisha Gomez (ex-officio)
Rep. Jim Joy
Sen. Matt Klein
Sen. Bill Weber

Members Excused:

Sen. Steve Drazkowski
Commissioner Paul Marquart

A quorum was present.

Review and Approval of July 10, 2024 Meeting Minutes

The meeting minutes from July 10, 2024 were approved as presented.

Presentation and Discussion of Selected Tax Expenditures

1. Joel Enders, Lead Budget Analyst with the Legislative Budget Office, presented the tax expenditure initial review of the Deed Transfer Tax Exemptions – Minn. Stat. § 287.22 (TEB 10.01 – 10.06)

Eric Willette, Tax Research Director with MN Department of Revenue, addressed member questions.

2. Joel Enders, Lead Budget Analyst with the Legislative Budget Office, presented the tax expenditure initial review of the Heating Fuel and Utility Service Exemptions – Minn. Stat. § 297A.67subd. 15 and 16 (TEB 4.14 – 4.16)

3. Joel Enders, Lead Budget Analyst with the Legislative Budget Office, presented the tax expenditure initial review of the Lawful Gambling Tax Expenditures – Minn. Stat. § 349.166 and 297E.02 (TEB 11.01 – 11.06)

Nora Pollock, nonpartisan Council to the Senate Tax Committee, addressed member questions.

Rep. Agbaje moved to adopt the proposed tax expenditure objective statements for those tax expenditures presented to the Commission for consideration on August 16, 2024 by the Legislative Budget Office, for the purpose of evaluating those tax expenditures, and direct the Legislative Budget Office to proceed with tax expenditure evaluations in accordance with Minn. Stat. § 3.8855 as well as provide the Legislative Budget Office the ability to make any technical corrections as proposed.

A roll call vote was taken.

AYE:

Sen. Rest (Chair)
Rep. Agbaje (Vice-Chair)
Rep. Davids
Rep. Joy
Sen. Klein
Sen. Weber

NAY:

EXCUSED:

Sen. Drazkowski
Rep. Elkins
Commissioner Marquart

There being 6 AYES, 0 NAYS, and 3 EXCUSED, the **Motion Prevailed**, the tax expenditure objective statements were adopted.

Discussion of 2022 Presented and Published Tax Expenditure Objectives

Kristi Schroedl, Legislative Budget Office Deputy Director, presented the following tax expenditure objectives, previously presented for consideration in 2022:

1. Working Family Credit (TEB 1.90)
2. Beginning Farmer Management Credit (TEB 1.103)
3. Beginning Farmer Incentive Credit (TEB 1.104)
4. Research and Development Credit (TEB 2.27 / 1.86)
5. Housing Contribution Credit (TEB 1.97 / 2.32 / 12.09)
6. Telecommunications Equipment (TEB 4.21)
7. Farm Machinery Exemption (TEB 4.39)
8. Building Materials for Residences of Disabled Veterans (TEB 4.54)
9. Construction Materials for Certain City Projects (TEB 4.73)

Nora Pollock, nonpartisan Council to the Senate Tax Committee and Eric Willette, Tax Research Director with MN Department of Revenue, addressed member questions.

Rep. Agbaje moved to adopt the proposed tax expenditure objective statements for those tax expenditures presented to the Commission for consideration on August 16, 2024 as originally presented in 2022 by the Legislative Budget Office, for the purpose of evaluating those tax expenditures, and direct the Legislative Budget Office to proceed with tax expenditure evaluations in accordance with Minn. Stat. § 3.8855 as well as provide the Legislative Budget Office the ability to make technical corrections as proposed.

A roll call vote was taken.

AYE:

Sen. Rest (Chair)

Rep. Agbaje (Vice-Chair)

Rep. Davids

Rep. Elkins

Rep. Joy

Sen. Klein

Sen. Weber

NAY:

EXCUSED:

Sen. Drazkowski

Commissioner Marquart

There being 7 AYES, 0 NAYS, and 2 EXCUSED, the **Motion Prevailed**, the tax expenditure objective statements were adopted.

Future Meetings

Chair Rest noted that the Commission's next meeting would take place on Wednesday, September 18, 2024 from 10:30am – 12:00pm. Chair Rest also noted that a subsequent meeting would take place either the third week of November or the first week of December and would be a fully virtual meeting due to work taking place in House and Senate hearing rooms.

Adjournment

There being no further business, the meeting adjourned at 11:49 AM.