

FACT SHEET | Helping Families, Modernizing Tax Laws

2015 Budget for a Better Minnesota

In 2013 and 2014, Governor Dayton and the Minnesota Legislature delivered \$177 million in direct property tax refunds and \$302 million in aid to local governments. In 2014, they cut middle class taxes by \$550 million. To continue strengthening the middle class, Governor Dayton's proposed budget would help 130,000 Minnesota families to benefit from the state's Child & Dependent Care Credit. The Governor's budget also improves the tax code by closing loopholes and modernizing railroad property taxes.

Child & Dependent Care Credit

- **High Cost of Child Care** – On average, child care costs Minnesota families \$901 per month, or \$10,812 per year, for one child. Because of the high cost of child care, many parents are forced to leave the workforce because it makes more financial sense to care for their children at home than keep their jobs.
- **Expanding the Child Care Tax Credit** – Under current law, only 38,000 Minnesota families are eligible to receive tax credits for child care. The Governor's proposal would expand eligibility for these tax credits to a total of 130,000 Minnesota families – making child care more affordable.
 - **More Families Would Qualify** – Under current law, families with household incomes of more than \$39,000 do not receive a tax credit. The Governor's plan would raise that limit to \$112,000 for families with one child, or \$124,000 for families with two or more children.
 - **Saving Families Hundreds of Dollars** – The average eligible family would see a \$429 increase in their credit, with some families seeing as much as a \$1,200 increase.

Business Tax Simplifications

- **Simplifying the Research & Development Credit** – The Governor's proposal would simplify the calculation of the R&D credit making it more accessible for businesses.
- **Supporting Family Farms & Businesses** – The Governor's budget proposal would make it easier for families to pass family farms and small businesses to their children by updating the recapture tax in the estate tax deduction for qualified farms and small businesses.

Closing Corporate Tax Loopholes

- **Protecting Tax Fairness** – To avoid paying their fair share of Minnesota's taxes, big corporations search for loopholes in our tax code. To protect tax fairness and ensure that small businesses who cannot afford expensive accountants and lawyers have a level playing field, Governor Dayton's proposed budget would eliminate some small corporate loopholes by:
 - Removing loopholes used by insurance companies to shelter income from corporate taxation
 - Stopping financial institutions from moving income to avoid taxes
 - Taxing businesses sales by non-Minnesotans using an installment sale to avoid state taxes.
 - Preventing transactions meant only to evade taxes

Property Tax Relief for Seniors

- **Simplifying Property Tax Deferral** – To help more Minnesota senior citizens stay in their homes, Governor Dayton’s budget would simplify the state’s Senior Citizen Property Tax Deferral Program. This program allows fixed-income seniors to defer their property taxes until they can afford to pay them or the home is sold. The Governor’s changes would make it easier for more senior citizens to participate in the program.

Railroad Property Tax Modernization

- **Outdated Tax Laws** – Minnesota’s current railroad property tax laws are outdated and have not kept pace with railroad uses, or the need for increased safety and efficiency.
- **Taxing Railroad Property** – Modernizing railroad property taxes will expand the taxable property of railroads to include property, such as rolling stock, rail cars, trestles and rail bridges.
- **Strengthening Communities** – Modernizing railroad property taxes would expand the tax base for communities suffering from increased rail use and congestion. Governor Dayton’s proposal would ensure the railroad industry pays its fair share while providing increased revenue to communities to invest in strengthening rail safety across the state and provide tax relief to homeowners, businesses, and farmers.

Railroad Property Tax Modernization – By the Numbers

\$20 million	amount of new property tax revenue for the State of Minnesota from the statewide business property tax
\$19 million	amount of new property tax revenue available to counties
\$12.5 million	amount of new property tax revenue available to cities
\$11.4 million	amount of new property tax revenue available to other taxing jurisdictions and additional property tax relief
\$2.2 million	amount of new property tax revenue available to townships