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### Minnesota Department of Revenue

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<https://www.revenue.state.mn.us/>

### AT A GLANCE

In 2021, the Department of Revenue:

- Employed 1,408 people across the state
- Processed 6.3 million tax returns
- Collected \$30 billion in state taxes annually to fund state and local programs
- Partnered with 374,000 businesses to administer sales tax
- Assisted more than 3,400 local governments with tax administration
- Responded to over 480,000 phone calls and helped another 115,000 customers by email or in-person
- Served 6.9 million visitors through our website

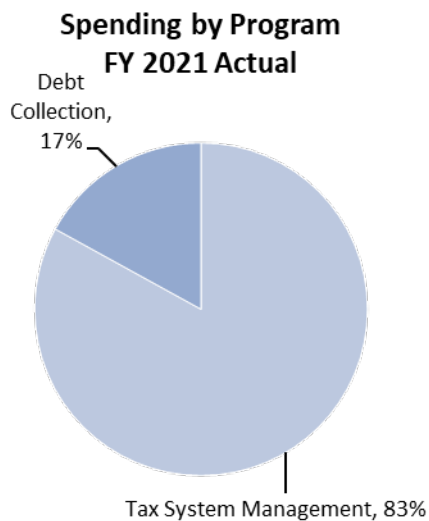
### PURPOSE

The Minnesota Department of Revenue's mission is "working together to fund the future for all of Minnesota." Our vision is that everyone reports, pays, and receives the right amount: no more, no less.

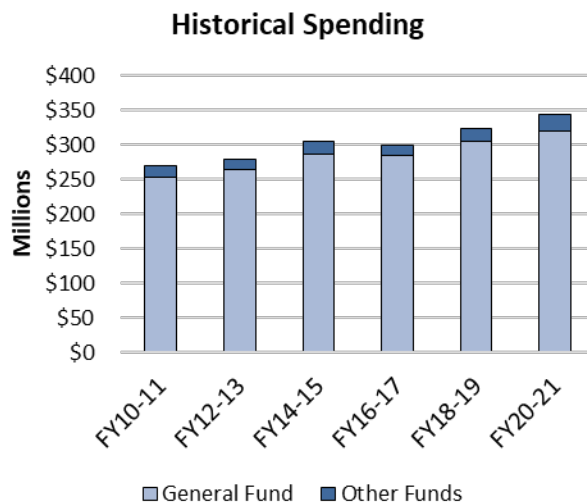
We work with individuals, businesses, local governments, federal and state agencies, tax professionals, and others to administer over 40 state and local taxes. We collect approximately \$30 billion in state taxes annually to fund state and local programs.

We also collect debt owed to state agencies and local governments. We oversee the uniform application of property tax laws by local governments, administer state property tax refund and relief programs, and make state aid payments to counties, cities, towns, and special taxing districts through 31 state programs.

### BUDGET



Source: Budget Planning & Analysis System (BPAS)  
Source: Consolidated Fund Statement



Source: Budget Planning & Analysis System (BPAS)  
Source: Consolidated Fund Statement

The revenue we collect is allocated through the budget process to fund a wide range of state and local programs, including education, health care, roads and bridges, transit, parks and trails, prisons, public safety, job training, economic development, and local government services, among others.

The department's budget is organized into two major programs: Tax System Management and Debt Collection Management.

Tax System Management includes these activities:

- Tax Payment and Return Processing
- Administration of State Taxes
- Appeals, Legal Services, and Tax Research
- Agency-wide Operations Support and Oversight

Debt Collection Management collects delinquent tax debts and debts owed to other state agencies. Key activities include:

- Helping customers understand and resolve their state tax and other government agency debts
- Using the collection process when customers do not voluntarily work to resolve their debts

## STRATEGIES

Minnesota's future relies on pursuing excellence in prioritizing: healthy Minnesotans and COVID-19 protection, economic recovery and working Minnesotans, children and families, equity and inclusion, fiscal accountability, measurable results, and the environment. The Department of Revenue does this by providing services to a diverse set of customers, including individuals, businesses, and local governments. We strive to meet our customers' needs through efficient and effective tax administration, providing quality customer service to Minnesota taxpayers, and a commitment to continuous improvement.

To achieve these priorities, we have identified the following Department of Revenue strategies:

- Provide customers with the information, education, and services they need to efficiently navigate Minnesota's tax opportunities and obligations.
- Engage in meaningful interaction with our customers to provide superior service, especially to those who will be most impacted by our work.
- Commit to an inclusive culture for all employees by welcoming individual differences and similarities, respecting others, treating people equitably, and forming meaningful connections.
- Ensure a productive, innovative, healthy, and safe work environment where all employees can thrive, whether in a traditional office location or virtually.
- Confirm that employees have the tools and resources necessary to process returns, payments, and refunds accurately and efficiently. Protect customer data and the security of our technology systems.
- Promote operational efficiencies and leverage technology to protect customer information and to serve customer and employee needs.
- Identify and address non-compliance through education and enforcement to ensure fair, efficient, and equitable support of the state's goals.

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[Minnesota Statute 270C.03](#) establishes the Department of Revenue's legal authority.

## Revenue

## Agency Expenditure Overview

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Enacted Budget	
	FY20	FY21	FY22	FY23	FY24	FY25	FY24	FY25
<b><u>Expenditures by Fund</u></b>								
1000 - General	161,051	157,833	158,835	190,625	175,376	174,360	225,980	205,353
2000 - Restrict Misc Special Revenue	7,836	7,579	8,183	8,276	8,275	8,268	8,275	8,268
2360 - Health Care Access	1,760	1,757	1,756	1,764	1,760	1,760	1,760	1,760
2710 - Highway Users Tax Distribution	2,194	2,196	2,103	2,287	2,195	2,195	2,195	2,195
2800 - Environmental	305	305	296	314	305	305	305	305
<b>Total</b>	<b>173,146</b>	<b>169,670</b>	<b>171,173</b>	<b>203,266</b>	<b>187,911</b>	<b>186,888</b>	<b>238,515</b>	<b>217,881</b>
Biennial Change			31,623		360		81,957	
Biennial % Change			9		0		22	
Enacted Budget Change from Base							81,597	
Enacted Budget % Change from Base							22	

# Revenue

# Agency Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Enacted Budget	
	FY20	FY21	FY22	FY23	FY24	FY25	FY24	FY25
1000 - General								
Balance Forward In		3,115		15,268				
Direct Appropriation	163,409	166,606	173,462	174,632	174,651	173,635	225,255	204,628
Open Appropriation	405	473	804	1,000	1,000	1,000	1,000	1,000
Transfers In	4,147	13,621	5,000					
Transfers Out	4,203	17,016	5,162	275	275	275	275	275
Cancellations	3	8,966						
Balance Forward Out	2,704		15,269					
Expenditures	161,051	157,833	158,835	190,625	175,376	174,360	225,980	205,353
Biennial Change in Expenditures				30,576		276		81,873
Biennial % Change in Expenditures				10		0		23
Enacted Budget Change from Base								81,597
Enacted Budget % Change from Base								23

## 2000 - Restrict Misc Special Revenue

Balance Forward In	8,717	7,868	6,928	4,699	5,277	4,626	5,277	4,626
Receipts	6,987	6,638	5,954	8,854	7,624	7,599	7,624	7,599
Balance Forward Out	7,868	6,928	4,699	5,277	4,626	3,957	4,626	3,957
<b>Expenditures</b>	<b>7,836</b>	<b>7,579</b>	<b>8,183</b>	<b>8,276</b>	<b>8,275</b>	<b>8,268</b>	<b>8,275</b>	<b>8,268</b>
Biennial Change in Expenditures				1,044		84		84
Biennial % Change in Expenditures				7		1		1
Enacted Budget Change from Base								0
Enacted Budget % Change from Base								0

## 2360 - Health Care Access

Balance Forward In		0		4				
Direct Appropriation	1,760	1,760	1,760	1,760	1,760	1,760	1,760	1,760
Cancellations		3						
Balance Forward Out	0		4					
<b>Expenditures</b>	<b>1,760</b>	<b>1,757</b>	<b>1,756</b>	<b>1,764</b>	<b>1,760</b>	<b>1,760</b>	<b>1,760</b>	<b>1,760</b>
Biennial Change in Expenditures				3		0		0
Biennial % Change in Expenditures				0		(0)		(0)
Enacted Budget Change from Base								0
Enacted Budget % Change from Base								0

# Revenue

# Agency Financing by Fund

(Dollars in Thousands)

	Actual FY20	Actual FY21	Actual FY22	Estimate FY23	Forecast Base FY24 FY25		Enacted Budget FY24 FY25	
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## 2710 - Highway Users Tax Distribution

Balance Forward In		1		92				
Direct Appropriation	2,195	2,195	2,195	2,195	2,195	2,195	2,195	2,195
Cancellations		0						
Balance Forward Out	1		92					
<b>Expenditures</b>	<b>2,194</b>	<b>2,196</b>	<b>2,103</b>	<b>2,287</b>	<b>2,195</b>	<b>2,195</b>	<b>2,195</b>	<b>2,195</b>
Biennial Change in Expenditures				0		0		0
Biennial % Change in Expenditures				0		0		0
Enacted Budget Change from Base								0
Enacted Budget % Change from Base								0

## 2800 - Environmental

Balance Forward In		0		9				
Direct Appropriation	305	305	305	305	305	305	305	305
Cancellations		0						
Balance Forward Out	0		9					
<b>Expenditures</b>	<b>305</b>	<b>305</b>	<b>296</b>	<b>314</b>	<b>305</b>	<b>305</b>	<b>305</b>	<b>305</b>
Biennial Change in Expenditures				0		0		0
Biennial % Change in Expenditures				(0)		0		0
Enacted Budget Change from Base								0
Enacted Budget % Change from Base								0

# Revenue

# Agency Change Summary

(Dollars in Thousands)

	FY23	FY24	FY25	Biennium 2024-25
<b>Direct</b>				
<b>Fund: 1000 - General</b>				
<b>FY2023 Appropriations</b>	<b>173,632</b>	<b>173,632</b>	<b>173,632</b>	<b>347,264</b>
<b>Base Adjustments</b>				
Approved Transfer Between Appropriation	0	0	0	0
Biennial Appropriations		1,019	3	1,022
<b>Forecast Base</b>	<b>173,632</b>	<b>174,651</b>	<b>173,635</b>	<b>348,286</b>
<b>Change Items</b>				
Direct Tax Rebate Payments	1,000	21,000		21,000
Administering the 2023 Tax Bill		3,000		3,000
Enhanced Taxpayer Assistance		1,000	1,000	2,000
IRS Tax Filing Modernization Account		5,000		5,000
Free Filing Report		175		175
Maintain Current Service Levels		15,830	26,058	41,888
Easy Enrollment		40	4	44
Legalizing Adult-Use Cannabis		4,559	3,931	8,490
<b>Total Enacted Budget</b>	<b>174,632</b>	<b>225,255</b>	<b>204,628</b>	<b>429,883</b>
<b>Fund: 2360 - Health Care Access</b>				
<b>FY2023 Appropriations</b>	<b>1,760</b>	<b>1,760</b>	<b>1,760</b>	<b>3,520</b>
<b>Forecast Base</b>	<b>1,760</b>	<b>1,760</b>	<b>1,760</b>	<b>3,520</b>
<b>Total Enacted Budget</b>	<b>1,760</b>	<b>1,760</b>	<b>1,760</b>	<b>3,520</b>
<b>Fund: 2710 - Highway Users Tax Distribution</b>				
<b>FY2023 Appropriations</b>	<b>2,195</b>	<b>2,195</b>	<b>2,195</b>	<b>4,390</b>
<b>Forecast Base</b>	<b>2,195</b>	<b>2,195</b>	<b>2,195</b>	<b>4,390</b>
<b>Total Enacted Budget</b>	<b>2,195</b>	<b>2,195</b>	<b>2,195</b>	<b>4,390</b>
<b>Fund: 2800 - Environmental</b>				
<b>FY2023 Appropriations</b>	<b>305</b>	<b>305</b>	<b>305</b>	<b>610</b>
<b>Forecast Base</b>	<b>305</b>	<b>305</b>	<b>305</b>	<b>610</b>
<b>Total Enacted Budget</b>	<b>305</b>	<b>305</b>	<b>305</b>	<b>610</b>
<b>Open</b>				
<b>Fund: 1000 - General</b>				
<b>FY2023 Appropriations</b>	<b>1,000</b>	<b>1,000</b>	<b>1,000</b>	<b>2,000</b>
<b>Forecast Base</b>	<b>1,000</b>	<b>1,000</b>	<b>1,000</b>	<b>2,000</b>
<b>Total Enacted Budget</b>	<b>1,000</b>	<b>1,000</b>	<b>1,000</b>	<b>2,000</b>

## Revenue

## Agency Change Summary

(Dollars in Thousands)

	FY23	FY24	FY25	Biennium 2024-25
<b><i>Dedicated</i></b>				
<b>Fund: 2000 - Restrict Misc Special Revenue</b>				
Planned Spending	8,276	8,275	8,268	16,543
Forecast Base	8,276	8,275	8,268	16,543
Total Enacted Budget	8,276	8,275	8,268	16,543
<b><i>Revenue Change Summary</i></b>				
<b><i>Dedicated</i></b>				
<b>Fund: 2000 - Restrict Misc Special Revenue</b>				
Forecast Revenues	8,854	7,624	7,599	15,223
Total Enacted Budget	8,854	7,624	7,599	15,223



(Dollars in Thousands)

	FY23	FY24	FY25	Biennium 2024-25	FY26	FY27	Biennium 2026-27
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**Direct Tax Rebate Payments**

This provision creates a one-time, refundable income tax credit equal to \$520 for married joint filers and \$260 for all other filers. The credit is increased by \$260 per dependent, up to three dependents. The credit is available to individuals who filed 2021 returns and had less than \$75,000 federal adjusted gross income for single and married separate filers or less than \$150,000 for all other filers. These costs for the Department of Revenue are associated with the administrative costs of administering the credit, not the actual cost of the credit. The department may contract with a third party to implement all or part of the payment process.

<b>1000 - General Fund Cost (Savings)</b>	<b>1,000</b>	<b>21,000</b>	<b>0</b>	<b>21,000</b>	<b>0</b>	<b>0</b>	<b>0</b>
Expenditures	1,000	21,000	0	21,000	0	0	0

**Administering the 2023 Tax Bill**

This provision appropriates funds for the Department of Revenue to implement and administer the 2023 tax bill.

<b>1000 - General Fund Cost (Savings)</b>	<b>0</b>	<b>3,000</b>	<b>0</b>	<b>3,000</b>	<b>3,000</b>	<b>0</b>	<b>3,000</b>
Expenditures	0	3,000	0	3,000	3,000	0	3,000

**Enhanced Taxpayer Assistance**

This provision appropriates \$1 million per year for grants to organizations providing taxpayer assistance services or publicizing and promoting the availability of credits to taxpayers likely to be eligible for those credits. "Taxpayer assistance services" means accounting and tax preparation services provided by volunteers to low-income, elderly, and disadvantaged Minnesota residents to help them file federal and state income tax returns and Minnesota property tax refund claims and to provide personal representation before the Department of Revenue and Internal Revenue Service.

<b>1000 - General Fund Cost (Savings)</b>	<b>0</b>	<b>1,000</b>	<b>1,000</b>	<b>2,000</b>	<b>1,000</b>	<b>1,000</b>	<b>2,000</b>
Expenditures	0	1,000	1,000	2,000	1,000	1,000	2,000

**IRS Tax Filing Modernization Account**

This provision establishes a Tax Filing Modernization account at the Department of Revenue to modernize the state process for filing individual income tax returns. Eligible uses of funds include updating and reviewing changes to individual income tax forms, coordinating the process for filing state individual income tax returns with free filing options for the federal income tax, and development and implementation of state free filing options.

<b>1000 - General Fund Cost (Savings)</b>	<b>0</b>	<b>5,000</b>	<b>0</b>	<b>5,000</b>	<b>0</b>	<b>0</b>	<b>0</b>
Expenditures	0	5,000	0	5,000	0	0	0

**Free Filing Report**

This provision requires the Department of Revenue to produce a written report to the legislature that provides information on free electronic filing options for preparing and filing Minnesota individual income tax returns. The report must be based on information collected by tax preparation software vendors that addresses system development, capability, security, and costs.

<b>1000 - General Fund Cost (Savings)</b>	<b>0</b>	<b>175</b>	<b>0</b>	<b>175</b>	<b>0</b>	<b>0</b>	<b>0</b>
Expenditures	0	175	0	175	0	0	0

## Revenue

## Enacted Budget Changes

(Dollars in Thousands)

	FY23	FY24	FY25	Biennium 2024-25	FY26	FY27	Biennium 2026-27
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### Maintain Current Service Levels

This provision provides additional operating funds to maintain the current level of service delivery at the Department of Revenue.

<b>1000 - General Fund Cost (Savings)</b>	<b>0</b>	<b>15,830</b>	<b>26,058</b>	<b>41,888</b>	<b>24,671</b>	<b>24,745</b>	<b>49,416</b>
Expenditures	0	15,830	26,058	41,888	24,671	24,745	49,416

### Easy Enrollment

This provision is a multi-agency initiative to allow individuals to indicate on their individual tax return if they want Revenue to share tax data with MNsure in order to receive information about their health care coverage options and potential subsidies for their annual enrollment. This provision funds staff time needed for Revenue to implement the program, and mail notices to individuals participating in this program.

<b>1000 - General Fund Cost (Savings)</b>	<b>0</b>	<b>40</b>	<b>4</b>	<b>44</b>	<b>4</b>	<b>4</b>	<b>8</b>
Expenditures	0	40	4	44	4	4	8

### Legalizing Adult-Use Cannabis

This provision provides funding for the safe and responsible legalization of cannabis for adults in Minnesota. It allows for the monitoring and regulation of cannabis cultivation, processing, and sales. The provision also includes measures to promote public health, public safety, criminal justice, and economic growth. The Department of Revenue will collect the taxes and administer the local aid payments to cities and counties.

<b>1000 - General Fund Cost (Savings)</b>	<b>0</b>	<b>4,559</b>	<b>3,931</b>	<b>8,490</b>	<b>3,896</b>	<b>3,897</b>	<b>7,793</b>
Expenditures	0	4,559	3,931	8,490	3,896	3,897	7,793