

# Tax Expenditure Review Commission

## Meeting Minutes

July 10, 2024

Hybrid Meeting – MN State Capitol 123/Zoom

Chair Ann H. Rest called the meeting of the Tax Expenditure Review Commission (TERC) to order at 11:31 AM.

### **Members Present:**

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

### **Members Excused:**

Rep. Steve Elkins  
Sen. Matt Klein  
Commissioner Paul Marquart

A quorum was present.

### **Review and Approval of March 15, 2024 Meeting Minutes**

The meeting minutes from March 15, 2024 were approved as presented.

### **Presentation and Discussion of Selected Tax Expenditures**

1. Carlos Güereca, Lead Budget Analyst with the Legislative Budget Office, presented the tax expenditure initial review on the Home Mortgage Interest deduction – Minn. Stat. § 290.0122 subd. 2, 5 and 290.0132 subd. 19(b) (TEB 1.66)

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

2. Carlos Güereca, Lead Budget Analyst with the Legislative Budget Office, presented the tax expenditure initial review on Interest on Contributions to First-Time Homebuyer Account – Minn. Stat. § 290.0132, subd. 25 and 462D.01-.06 (TEB 1.81)

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

3. Carlos Güereca, Lead Budget Analyst with the Legislative Budget Office, presented the tax expenditure initial review on the Angel Investment Credit – Minn. Stat. § 290.0692 and 116J.8737 (TEB 1.94)

Sen. Weber moved to amend the tax expenditure objective statement for the Home Mortgage Interest deduction as follows:

*The objective of the Minnesota Home Mortgage Interest deduction is to recognize expenses incurred in generating personal income or wealth and encourage home ownership at all levels of income.*

A roll call vote was taken.

AYE:

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

NAY:

EXCUSED:

Rep. Elkins  
Sen. Klein  
Commissioner Marquart

There being 6 AYES, 0 NAYS, and 3 ABSENT, the **Motion Prevailed**, the amended language was adopted.

Vice-Chair Agbaje moved to adopt the proposed tax expenditure objective statements, as amended by the previous motion, for those tax expenditures presented to the commission for consideration on July 10, 2024 by the Legislative Budget Office for the purpose of evaluating those tax expenditures (Home Mortgage Interest deduction, Interest on Contributions to First-Time Homebuyer Account, and Angel Investment Credit), and direct the Legislative Budget Office to proceed with tax expenditure evaluations in accordance with Minn. Stat. § 3.8855.

A roll call vote was taken.

AYE:

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

NAY:

EXCUSED:

Rep. Elkins  
Sen. Klein  
Commissioner Marquart

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

### **Resolution**

Vice-Chair Agbaje moved the TERC-1 resolution, requiring the Commissioner of Revenue to convene the first Tax Expenditure Review Commission meeting each calendar year.

A roll call vote was taken.

AYE:

Sen. Rest (Chair)

Rep. Agbaje (Vice-Chair)

Rep. Davids

Sen. Drazkowski

Rep. Joy

Sen. Weber

NAY:

EXCUSED:

Rep. Elkins

Sen. Klein

Commissioner Marquart

There being 6 AYES, 0 NAYS, and 3 ABSENT, the **Motion Prevailed**, the resolution was adopted.

### **Future Meeting Topics**

Chair Rest noted that the Commission's next meeting would take place on Friday, August 16, 2024 with two additional meetings expected in mid-September 2024 and the first week of December 2024 respectively. Chair Rest directed Legislative Budget Office staff to provide her and Vice-Chair Agbaje with a list of tax expenditure reviews for agenda consideration prior to the August meeting.

### **Adjournment**

There being no further business, the meeting adjourned at 12:48 PM.