

**SENATE
STATE OF MINNESOTA
NINETY-FOURTH SESSION**

S.F. No. 3458

(SENATE AUTHORS: RASMUSSEN and Drazkowski)

DATE
04/28/2025

D-PG
4114 Introduction and first reading
Referred to Elections

OFFICIAL STATUS

1.1 A bill for an act
1.2 relating to campaign finance; repealing the political contribution refund program;
1.3 making conforming changes; amending Minnesota Statutes 2024, sections 289A.37,
1.4 subdivision 2; 289A.50, subdivision 1; 290.01, subdivision 6; repealing Minnesota
1.5 Statutes 2024, sections 10A.322, subdivision 4; 13.4967, subdivision 2; 290.06,
1.6 subdivision 23.

1.7 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.8 Section 1. Minnesota Statutes 2024, section 289A.37, subdivision 2, is amended to read:

1.9 Subd. 2. **Erroneous refunds.** (a) Except as provided in paragraph (b), an erroneous
1.10 refund occurs when the commissioner issues a payment to a person that exceeds the amount
1.11 the person is entitled to receive under law. An erroneous refund is considered an
1.12 underpayment of tax on the date issued.

1.13 (b) To the extent that the amount paid does not exceed the amount claimed by the
1.14 taxpayer, an erroneous refund does not include the following:

1.15 (1) any amount of a refund or credit paid pursuant to a claim for refund filed by a
1.16 taxpayer, including but not limited to refunds of claims made under section ~~290.06,~~
1.17 ~~subdivision 23;~~ 290.067; 290.0671; 290.0672; 290.0674; 290.0675; 290.0677; 290.068;
1.18 290.0681; or 290.0692; or chapter 290A; or

1.19 (2) any amount paid pursuant to a claim for refund of an overpayment of tax filed by a
1.20 taxpayer.

1.21 (c) The commissioner may make an assessment to recover an erroneous refund at any
1.22 time within two years from the issuance of the erroneous refund. If all or part of the erroneous

2.1 refund was induced by fraud or misrepresentation of a material fact, the assessment may
2.2 be made at any time.

2.3 (d) Assessments of amounts that are not erroneous refunds under paragraph (b) must be
2.4 conducted under sections 289A.38 to 289A.382.

2.5 Sec. 2. Minnesota Statutes 2024, section 289A.50, subdivision 1, is amended to read:

2.6 Subdivision 1. **General right to refund.** (a) Subject to the requirements of this section
2.7 and section 289A.40, a taxpayer who has paid a tax in excess of the taxes lawfully due and
2.8 who files a written claim for refund will be refunded or credited the overpayment of the tax
2.9 determined by the commissioner to be erroneously paid.

2.10 (b) The claim must specify the name of the taxpayer, the date when and the period for
2.11 which the tax was paid, the kind of tax paid, the amount of the tax that the taxpayer claims
2.12 was erroneously paid, the grounds on which a refund is claimed, and other information
2.13 relative to the payment and in the form required by the commissioner. An income tax, estate
2.14 tax, or corporate franchise tax return, or amended return claiming an overpayment constitutes
2.15 a claim for refund.

2.16 (c) When, in the course of an examination, and within the time for requesting a refund,
2.17 the commissioner determines that there has been an overpayment of tax, the commissioner
2.18 shall refund or credit the overpayment to the taxpayer and no demand is necessary. If the
2.19 overpayment exceeds \$1, the amount of the overpayment must be refunded to the taxpayer.
2.20 If the amount of the overpayment is less than \$1, the commissioner is not required to refund.
2.21 In these situations, the commissioner does not have to make written findings or serve notice
2.22 by mail to the taxpayer.

2.23 (d) If the amount allowable as a credit for withholding, estimated taxes, or dependent
2.24 care exceeds the tax against which the credit is allowable, the amount of the excess is
2.25 considered an overpayment. ~~The refund allowed by section 290.06, subdivision 23, is also~~
2.26 ~~considered an overpayment.~~ The requirements of section 270C.33 do not apply to the
2.27 refunding of such an overpayment shown on the original return filed by a taxpayer.

2.28 (e) If the entertainment tax withheld at the source exceeds by \$1 or more the taxes,
2.29 penalties, and interest reported in the return of the entertainment entity or imposed by section
2.30 290.9201, the excess must be refunded to the entertainment entity. If the excess is less than
2.31 \$1, the commissioner need not refund that amount.

2.32 (f) If the surety deposit required for a construction contract exceeds the liability of the
2.33 out-of-state contractor, the commissioner shall refund the difference to the contractor.

3.1 (g) An action of the commissioner in refunding the amount of the overpayment does not
3.2 constitute a determination of the correctness of the return of the taxpayer.

3.3 (h) There is appropriated from the general fund to the commissioner of revenue the
3.4 amount necessary to pay refunds allowed under this section.

3.5 Sec. 3. Minnesota Statutes 2024, section 290.01, subdivision 6, is amended to read:

3.6 Subd. 6. **Taxpayer.** The term "taxpayer" means any person or corporation subject to a
3.7 tax imposed by this chapter. ~~For purposes of section 290.06, subdivision 23, the term~~
3.8 ~~"taxpayer" means an individual eligible to vote in Minnesota under section 201.014.~~

3.9 Sec. 4. **REPEALER.**

3.10 Minnesota Statutes 2024, sections 10A.322, subdivision 4; 13.4967, subdivision 2; and
3.11 290.06, subdivision 23, are repealed.

3.12 **EFFECTIVE DATE.** This section is effective for political contribution refunds claimed
3.13 after April 15, 2026, and the commissioner must not issue refunds after June 30, 2026.

3.14 Sec. 5. **EFFECTIVE DATE.**

3.15 Unless otherwise specified, this act is effective for taxable years beginning after December
3.16 31, 2025.

10A.322 SPENDING LIMIT AGREEMENTS.

Subd. 4. **Refund receipt forms; penalty.** (a) The board must make available to a political party on request and to any candidate for whom an agreement under this section is effective, a supply of official refund receipt forms that state in boldface type that:

(1) a contributor who is given a receipt form is eligible to claim a refund as provided in section 290.06, subdivision 23; and

(2) if the contribution is to a candidate, that the candidate has signed an agreement to limit campaign expenditures as provided in this section.

The forms must provide duplicate copies of the receipt to be attached to the contributor's claim.

(b) The willful issuance of an official refund receipt form or a facsimile of one to any of the candidate's contributors by a candidate or treasurer of a candidate who did not sign an agreement under this section is subject to a civil penalty of up to \$3,000 imposed by the board.

(c) The willful issuance of an official refund receipt form or a facsimile to an individual not eligible to claim a refund under section 290.06, subdivision 23, is subject to a civil penalty of up to \$3,000 imposed by the board.

(d) A violation of paragraph (b) or (c) is a misdemeanor.

13.4967 OTHER TAX DATA CODED ELSEWHERE.

Subd. 2. **Political contribution refund.** Certain political contribution refund data in the Revenue Department are classified under section 290.06, subdivision 23.

290.06 RATES OF TAX; CREDITS.

Subd. 23. **Refund of contributions to political parties and candidates.** (a) A taxpayer may claim a refund equal to the amount of the taxpayer's contributions made in the calendar year to candidates and to a political party. The maximum refund for an individual must not exceed \$75 and for a married couple, filing jointly, must not exceed \$150. A refund of a contribution is allowed only if the taxpayer files a form required by the commissioner and attaches to the form a copy of an official refund receipt form issued by the candidate or party and signed by the candidate, the treasurer of the candidate's principal campaign committee, or the chair or treasurer of the party unit, after the contribution was received. The receipt forms must be numbered, and the data on the receipt that are not public must be made available to the campaign finance and public disclosure board upon its request. A claim must be filed with the commissioner no sooner than January 1 of the calendar year in which the contribution was made and no later than April 15 of the calendar year following the calendar year in which the contribution was made. A taxpayer may file only one claim per calendar year. Amounts paid by the commissioner after June 15 of the calendar year following the calendar year in which the contribution was made must include interest at the rate specified in section 270C.405.

(b) No refund is allowed under this subdivision for a contribution to a candidate unless the candidate:

(1) has signed an agreement to limit campaign expenditures as provided in section 10A.322;

(2) is seeking an office for which voluntary spending limits are specified in section 10A.25; and

(3) has designated a principal campaign committee.

This subdivision does not limit the campaign expenditures of a candidate who does not sign an agreement but accepts a contribution for which the contributor improperly claims a refund.

(c) For purposes of this subdivision, "political party" means a major political party as defined in section 200.02, subdivision 7, or a minor political party qualifying for inclusion on the income tax or property tax refund form under section 10A.31, subdivision 3a.

A "major party" or "minor party" includes the aggregate of that party's organization within each house of the legislature, the state party organization, and the party organization within congressional districts, counties, legislative districts, municipalities, and precincts.

"Candidate" means a candidate as defined in section 10A.01, subdivision 10, except a candidate for judicial office.

APPENDIX
Repealed Minnesota Statutes: 25-05445

"Contribution" means a gift of money.

(d) The commissioner shall make copies of the form available to the public and candidates upon request.

(e) The following data collected or maintained by the commissioner under this subdivision are private: the identities of individuals claiming a refund, the identities of candidates to whom those individuals have made contributions, and the amount of each contribution.

(f) The commissioner shall report to the campaign finance and public disclosure board by each August 1 a summary showing the total number and aggregate amount of political contribution refunds made on behalf of each candidate and each political party. These data are public.

(g) The amount necessary to pay claims for the refund provided in this section is appropriated from the general fund to the commissioner of revenue.

(h) For a taxpayer who files a claim for refund via the Internet or other electronic means, the commissioner may accept the number on the official receipt as documentation that a contribution was made rather than the actual receipt as required by paragraph (a).