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State of Minnesota
HOUSE OF REPRESENTATIVES

EIGHTY-SEVENTH
SESSION

HOUSE FILE No. 42

January 10, 2011

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The bill was read for the first time and referred to the Committee on Taxes

1.1 A bill for an act
1.2 relating to taxation; phasing out the corporate franchise tax; amending Minnesota
1.3 Statutes 2010, sections 290.06, subdivision 1; 290.0921, subdivision 1.

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

1.5 Section 1. Minnesota Statutes 2010, section 290.06, subdivision 1, is amended to read:

1.6 Subdivision 1. **Computation, corporations.** The franchise tax imposed upon
1.7 corporations shall be computed by applying to their taxable income the rate of:

1.8 (1) 9.8 percent for taxable years beginning before January 1, 2011;

1.9 (2) 8.8 percent for taxable year 2011;

1.10 (3) 7.8 percent for taxable year 2012;

1.11 (4) 6.8 percent for taxable year 2013;

1.12 (5) 5.8 percent for taxable year 2014;

1.13 (6) 4.8 percent for taxable year 2015;

1.14 (7) 3.8 percent for taxable year 2016;

1.15 (8) 2.8 percent for taxable year 2017;

1.16 (9) 1.8 percent for taxable year 2018;

1.17 (10) 0.8 percent for taxable year 2019;

1.18 (11) zero for taxable years beginning after December 31, 2019.

1.19 **EFFECTIVE DATE.** This section is effective for taxable years beginning after
1.20 December 31, 2010.

1.21 Sec. 2. Minnesota Statutes 2010, section 290.0921, subdivision 1, is amended to read:

2.1 Subdivision 1. **Tax imposed.** (a) In addition to the taxes computed under this
2.2 chapter without regard to this section, the franchise tax imposed on corporations includes
2.3 a tax equal to the excess, if any, for the taxable year of:

2.4 (1) (i) 5.8 percent of Minnesota alternative minimum taxable income for taxable
2.5 years beginning before January 1, 2011;

2.6 (ii) 5.2 percent of Minnesota alternative minimum taxable income for taxable year
2.7 2011;

2.8 (iii) 4.6 percent of Minnesota alternative minimum taxable income for taxable year
2.9 2012;

2.10 (iv) four percent of Minnesota alternative minimum taxable income for taxable
2.11 year 2013;

2.12 (v) 3.4 percent of Minnesota alternative minimum taxable income for taxable year
2.13 2014;

2.14 (vi) 2.8 percent of Minnesota alternative minimum taxable income for taxable year
2.15 2015;

2.16 (vii) 2.2 percent of Minnesota alternative minimum taxable income for taxable
2.17 year 2016;

2.18 (viii) 1.7 percent of Minnesota alternative minimum taxable income for taxable
2.19 year 2017;

2.20 (ix) 1.1 percent of Minnesota alternative minimum taxable income for taxable year
2.21 2018;

2.22 (x) 0.5 percent of Minnesota alternative minimum taxable income for taxable year
2.23 2019; over

2.24 (2) the tax imposed under section 290.06, subdivision 1, without regard to this
2.25 section.

2.26 (b) For taxable years beginning after December 31, 2019, the tax under this
2.27 subdivision is zero.

2.28 **EFFECTIVE DATE.** This section is effective for taxable years beginning after
2.29 December 31, 2010.

2.30 Sec. 3. **REVISOR'S INSTRUCTION.**

2.31 In consultation with the commissioner of revenue, the revisor of statutes shall
2.32 prepare a bill for introduction in the 2019 legislative session that repeals the corporate
2.33 franchise tax and, as appropriate, repeals or substitutes new cross references or statutory
2.34 language for the repealed provisions of the franchise tax referred to in other sections of
2.35 Minnesota Statutes.