Reciprocity Statement

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FOR IMMEDIATE RELEASE
March 1, 2013

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Department of Revenue releases Benchmark Study for income tax reciprocity agreement with Wisconsin

ST. PAUL, Minn. – The Minnesota Department of Revenue released a Benchmark Study for an income tax reciprocity agreement with Wisconsin today.

Under current law there is no income tax reciprocity agreement with Wisconsin. Consequently, Minnesota residents who work in Wisconsin have to file two income tax returns. If a reciprocity agreement were in place, Minnesota residents who work in Wisconsin would only have to file one income tax return (and vice versa for Wisconsin).

Because more than twice as many Wisconsin residents cross the border for work, Minnesota receives less tax revenue when reciprocity is in effect. The study reports that the loss would have been $73.7 million if reciprocity had been in effect for tax year 2011. Minnesota's revenue loss would be expected to grow in later tax years. For example, for tax year 2014, a reciprocity agreement would require Wisconsin to pay Minnesota $85.3 million for its net revenue loss on a quarterly basis.

The last study was conducted in 1995 and was updated to reflect changing demographics and the current economy. Completion of this study is an essential step before a new reciprocity agreement can be implemented.

The study was completed by Department of Revenue research staff. The Wisconsin Department of Revenue research office is scheduled to release its Benchmark Study today as well.

View the 2013 Benchmark Study here.

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