

MINNESOTA • REVENUE

CORPORATE FRANCHISE TAX Reduce Rate to 8.99%

March 16, 2011

	Yes	No
DOR Administrative Costs/Savings		X

Department of Revenue
Analysis of H.F. 991 (Kieffer)

	<u>Fund Impact</u>			
	<u>F.Y. 2012</u>	<u>F.Y. 2013</u>	<u>F.Y. 2014</u>	<u>F.Y. 2015</u>
		(000's)		
General Fund	(\$89,600)	(\$62,900)	(\$67,800)	(\$69,600)

Effective beginning tax year 2011.

EXPLANATION OF THE BILL

Current Law: Under current law the corporate franchise tax rate is 9.8%.

Proposed Law: The bill would reduce the corporate franchise tax rate to 8.99%. The minimum fee and alternative minimum tax would not be changed.

REVENUE ANALYSIS DETAIL

- Estimates are based on the February 2011 forecast.
- All of tax year 2011 was allocated to fiscal year 2012. Other tax years were allocated 30/70 to fiscal years.

Number of Taxpayers: About 50,000 corporations are subject to the corporate franchise tax.

Source: Minnesota Department of Revenue
Tax Research Division
http://www.taxes.state.mn.us/taxes/legal_policy

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