

MINNESOTA • REVENUE

INDIVIDUAL INCOME TAX Rate Decrease 6.95%

March 11, 2011

Department of Revenue
Analysis of H.F. 1003 (Stensrud)

	Yes	No
DOR Administrative Costs/Savings		X

Fund Impact

	<u>F.Y. 2012</u>	<u>F.Y. 2013</u>	<u>F.Y. 2014</u>	<u>F.Y. 2015</u>
			(000's)	
General Fund	(\$57,200)	(\$42,200)	(\$43,300)	(\$45,900)

Effective for tax years beginning after December 31, 2010.

EXPLANATION OF THE BILL

This proposal decreases the individual income tax rate for the middle bracket from 7.05% to 6.95%

Tax Year Impact (\$000s)

TY 2011	(\$37,100)
TY 2012	(\$39,500)
TY 2013	(\$42,000)
TY 2014	(\$44,400)
TY 2015	(\$47,200)

REVENUE ANALYSIS DETAIL

- The House Income Tax Simulation (HITS 5.9) Model was used to estimate the tax year revenue impact. These simulations assume the same economic conditions used by Minnesota Management and Budget for the forecast published in February 2011. The model uses a stratified sample of 2008 individual income tax returns compiled by the Minnesota Department of Revenue.
- All of tax year 2011 was allocated to fiscal year 2012. In allocating other tax years to fiscal years, a standard formula was applied.

Number of Taxpayers: For tax year 2011 an estimated 1,110,800 returns would receive a decrease in tax at an average of \$33 per return.

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

hf1003_1/mjr