

MINNESOTA • REVENUE

CORPORATE FRANCHISE Prohibition of State Contracts with Tax Haven Corporations

April 25, 2003

Department of Revenue
Analysis of S.F. 755 (Cohen)/ H.F. 914 (Hilty)

	Yes	No
Separate Official Fiscal Note Requested		
Fiscal Impact		
DOR Administrative Costs/Savings		

General Fund

<u>Revenue Gain or (Loss)</u>				
<u>F.Y. 2004</u>	<u>F.Y. 2005</u>	<u>FY2006</u>	<u>FY2007</u>	
	(000's)			

\$0 \$0 \$0 \$0

Effective August 1, 2003.

EXPLANATION OF THE BILL

Current Law: No provision in current law.

Proposed Law: The bill prevents agencies of the State of Minnesota from contracting with a corporation or its subsidiary or affiliate if the corporation is incorporated in a tax haven country. Tax haven countries are defined as Barbados, Bermuda, British Virgin Islands, Cayman Islands, Commonwealth of the Bahamas, Cyprus, Gibraltar, Isle of Man, the Principality of Liechtenstein, the Principality of Monaco, the Republic of the Seychelles, and any other country that does not have a corporate income tax.

REVENUE ANALYSIS DETAIL

The bill prohibits state contracts with companies organized in tax haven counties, and it has no effect the amount of corporate tax paid by these corporations.

Number of Taxpayers Affected: None.

Source: Minnesota Department of Revenue
Tax Research Division
<http://www.taxes.state.mn.us/polic.html#analyses>

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