

Corporate Franchise Tax • Page 15

- 2021 – Certain federal provisions adopted, including an exclusion for Paycheck Protection Program loans.
- Historic structure rehabilitation credit extended for one year.
- Film production credit enacted.
- Minnesota housing credit enacted.

General Sales and Use Tax • Page 22

- 2021 – Repealed June accelerated payment (June 2022).
- Exemption enacted for construction materials for local government public safety facilities.

Insurance Premium Taxes • Page 41

- 2021 – Historic structure rehabilitation credit extended for one year.
- Film production credit enacted.
- Minnesota housing credit enacted.

State General Property Tax • Page 49

- 2021 – Exemption increased to \$150,000 for commercial, industrial, and utility property.
- Levy reduced for commercial-industrial property.

LOCAL TAXES

General Property Tax • Page 65

- 2021 – Tier limit reduced for class 4d low-income rental housing and frozen for assessment years 2022-2023.

Rates of Major State Taxes as of January 1, 2022

Individual Income Tax:

Tax Year 2022 Rates and Taxable Income Brackets*

| | 5.35% Up To | 6.8% | 7.85% | 9.85% Over |
|----|------------------------|--------------------|---------------------|-----------------------|
| MJ | \$41,050 | \$41,051–\$163,060 | \$163,061–\$284,810 | \$284,810 |
| MS | 20,525 | 20,526–81,530 | 81,531–142,405 | 142,405 |
| HH | 34,570 | 34,571–138,890 | 138,891–227,600 | 227,600 |
| S | 28,080 | 28,081–92,230 | 92,231–171,220 | 171,220 |

Corporate Franchise Tax: 9.8%

General Sales and Use Tax: 6.875%

Liquor Gross Receipts Tax: 2.5%

Motor Vehicle Rental Tax: 9.2%

Motor Vehicle Rental Fee: 5.0%

Motor Vehicle Sales Tax: 6.5%

Highway Fuels Excise Taxes: 28.5¢ per gallon

Alcoholic Beverage Taxes

| | |
|------------------------------|----------------------|
| Distilled spirits: | \$5.03 per gallon |
| Beer: more than 3.2% alcohol | 4.60 per barrel |
| 3.2% or less: | 2.40 per barrel |
| Wine: | 0.30–3.52 per gallon |

Cigarette Tax: 3.04 per pack of 20 cigarettes

Tobacco Products Tax: 95% of wholesale price

Mortgage Registry Tax: 0.23% of principal debt

Deed Transfer Tax: 0.33% of consideration

MinnesotaCare Taxes: 1.8% of gross revenues for health care providers, hospitals, surgical centers, and wholesale drug distributors.

Motor Vehicle Registration Tax: \$10 plus 1.285% of base value based on age for passenger cars, pickup trucks, and vans. Trucks, tractors, and buses based on type, weight, and age of the vehicle.

State General Property Tax: For taxes payable in 2020, 38.846% of the net tax capacity for commercial and industrial property; 17.997% for seasonal recreational property.

Class Rates for Major Classes of Property Payable 2022

| Class and Type of Property | Net Class Rate |
|--|-----------------------|
| 1a Residential homestead | |
| First \$500,000 market value (MV) | 1.0% |
| Over \$500,000 MV | 1.25% |
| 1b Homestead of blind or disabled | |
| First \$50,000 MV | 0.45% |
| Excess is Class 1a or 2a | |
| 1c Homestead resorts | |
| First \$600,000 MV | 0.5% |
| Next \$1,700,000 MV | 1.0% |
| Over \$2,300,000 MV | 1.25% ^b |
| 1d Seasonal farm worker housing—same as Class 1a | |
| 2a Agricultural homestead | |
| House, garage, and one acre—same as Class 1a | |
| Remaining land and buildings | |
| First \$1,890,000 MV | 0.5% ^a |
| Over \$1,890,000 MV | 1.0% ^a |
| Non-homestead agricultural land | 1.0% ^a |
| 2b Rural vacant land | 1.0% |
| 2c Managed forest land | 0.65% ^a |
| 2d Private airport | 1.0% ^a |
| 2e Unmined commercial aggregate deposit land | 1.0% ^a |
| 3a Commercial and industrial, utility real property | |
| First \$100,000 MV | 1.5% |
| Next \$50,000 MV | 1.5% ^b |
| Over \$150,000 MV | 2.0% ^b |
| Public utility machinery | 2.0% ^b |
| 4a Apartments, 4 or more units; private hospitals | 1.25% |
| 4b Residential or farm non-homestead, 2-3 units; manufactured homes | 1.25% |
| 4bb Residential or farm non-homestead, 1 unit—same as Class 1a | |
| 4c Commercial seasonal recreational residential—same as Class 1a ^b | |
| Nonprofit community service organization | 1.5% ^b |
| Post-secondary student housing | 1.0% ^a |
| Manufactured home parks | 1.25% |
| Noncommercial seasonal recreational residential—same as Class 1a ^{a, b} | |
| Qualifying golf courses | 1.25% |
| Congressionally-chartered veterans organization | 1.0% ^b |
| 4d Low-income rental housing | |
| First \$174,000 MV | 0.75% |
| Over \$174,000 MV | 0.25% |
| 5 Unmined iron ore and low-grade iron ore | 2.0% ^b |
| All other property | 2.0% |

^aExempt from school district referendum levies.

^bSubject to state general property tax, except for electric generating public utility machinery and certain nonprofit community service organizations.

Minnesota State Tax Collections Fiscal Year 2021
All Funds—Net After Refunds

FY 2021 Collections
% of
Total

| | | |
|--------------------------------|-----------------------|----------------|
| Individual Income Tax | \$14,103,660,000 | 47.45% |
| Corporate Franchise Tax | 2,387,370,000 | 8.03% |
| Estate Tax | 208,231,000 | 0.70% |
| General Sales & Use Tax | 6,525,150,000 | 21.95% |
| Liquor Gross Receipts Tax | 91,204,000 | 0.31% |
| Motor Vehicle Rental Tax | 15,735,000 | 0.05% |
| Motor Vehicle Rental Fee | 1,351,000 | * |
| Motor Vehicle Sales Tax | 981,738,000 | 3.30% |
| Motor Fuel Excise Taxes | 849,215,000 | 2.86% |
| Alcoholic Beverage Taxes | 102,125,000 | 0.34% |
| Cigarette Taxes | 500,597,000 | 1.68% |
| Tobacco Products Taxes | 131,555,000 | 0.44% |
| Mortgage Registry Tax | 246,027,000 | 0.83% |
| Deed Transfer Tax | 164,082,000 | 0.55% |
| Lawful Gambling Taxes | 118,723,000 | 0.40% |
| Parti-Mutuel Tax | 2,463,000 | 0.01% |
| Insurance Premiums Taxes | 565,872,000 | 1.90% |
| Health Care Surcharges | 318,323,000 | 1.07% |
| MinnesotaCare Taxes | 635,368,000 | 2.14% |
| Mining Occupation Taxes | 7,445,000 | 0.03% |
| State Property Tax | 803,134,000 | 2.70% |
| Contamination Tax | 268,000 | * |
| Motor Vehicle Registration Tax | 853,657,000 | 2.87% |
| Air-Flight Property Tax | 7,008,000 | 0.02% |
| Aircraft Registration Tax | 3,866,000 | 0.01% |
| Rural Electric Co-Ops | 54,000 | * |
| Solid Waste Management Taxes | 93,995,000 | 0.32% |
| Metropolitan Landfill Fee | 4,215,000 | 0.01% |
| Total | 29,722,431,000 | 100.00% |

* Less than 0.005%

Supplement to the
2020 Minnesota Tax Handbook

This supplement to the 2020 Edition of the Minnesota Tax Handbook contains the major tax law changes enacted in 2021. Also included are the current rates for the major state taxes, the property tax class rates for taxes payable in 2022, and state tax collections for fiscal year 2021.

The Minnesota Tax Handbook can be found on the Department of Revenue web site at:

<https://www.revenue.state.mn.us/minnesota-tax-handbooks>

Minnesota Department of Revenue
Tax Research Division
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History of Major Changes

STATE TAXES

Individual Income Tax • Page 9

- 2021 – Certain federal provisions adopted, including an exclusion for Paycheck Protection Program loans and a temporary exclusion for unemployment benefits.
- Volunteer driver subtraction enacted.
- Working family credit expanded to include 19- and 20-year-old taxpayers without children.
- Angel investment credit extended for tax year 2022, with a maximum of \$5 million.
- Historic structure rehabilitation credit extended for one year.
- Film production credit enacted.
- Minnesota housing credit enacted.
- Pass-through entity tax enacted.