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State of Minnesota
HOUSE OF REPRESENTATIVES

EIGHTY-SIXTH
SESSION

HOUSE FILE No. **2716**

February 4, 2010

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The bill was read for the first time and referred to the Committee on Taxes

1.1 A bill for an act
1.2 relating to taxation; corporate franchise; accelerating the adoption of single sales
1.3 apportionment; amending Minnesota Statutes 2008, section 290.191, subdivision
1.4 2.

1.5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.6 Section 1. Minnesota Statutes 2008, section 290.191, subdivision 2, is amended to read:

1.7 Subd. 2. **Apportionment formula of general application.** (a) Except for those
1.8 trades or businesses required to use a different formula under subdivision 3 or section
1.9 290.36, and for those trades or businesses that receive permission to use some other
1.10 method under section 290.20 or under subdivision 4, a trade or business required to
1.11 apportion its net income must apportion its income to this state on the basis of the
1.12 percentage obtained by taking the sum of:

1.13 (1) the percent for the sales factor under paragraph (b) of the percentage which
1.14 the sales made within this state in connection with the trade or business during the tax
1.15 period are of the total sales wherever made in connection with the trade or business during
1.16 the tax period;

1.17 (2) the percent for the property factor under paragraph (b) of the percentage which
1.18 the total tangible property used by the taxpayer in this state in connection with the trade or
1.19 business during the tax period is of the total tangible property, wherever located, used by
1.20 the taxpayer in connection with the trade or business during the tax period; and

1.21 (3) the percent for the payroll factor under paragraph (b) of the percentage which
1.22 the taxpayer's total payrolls paid or incurred in this state or paid in respect to labor
1.23 performed in this state in connection with the trade or business during the tax period are

2.1 of the taxpayer's total payrolls paid or incurred in connection with the trade or business
 2.2 during the tax period.

2.3 (b) For purposes of paragraph (a) and subdivision 3, the following percentages apply
 2.4 for the taxable years specified:

| 2.5 Taxable years beginning | Sales factor | Property factor | Payroll factor |
|--|---------------|-----------------|----------------|
| 2.6 during calendar year | percent | percent | percent |
| 2.7 2007 | 78 | 11 | 11 |
| 2.8 2008 | 81 | 9.5 | 9.5 |
| 2.9 2009 | 84 | 8 | 8 |
| 2.10 2010 | 87 | 6.5 | 6.5 |
| 2.11 2011 | 90 | 5 | 5 |
| 2.12 2012 | 93 | 3.5 | 3.5 |
| 2.13 2013 | 96 | 2 | 2 |
| 2.14 2014 2011 and later calendar | 100 | 0 | 0 |
| 2.15 years | | | |

2.16 **EFFECTIVE DATE.** This section is effective for taxable years beginning after
 2.17 December 31, 2010.