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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETY-THIRD SESSION

H. F. No. 3444

02/12/2024 Authored by Smith
The bill was referred to the Committee on Taxes

1.1 A bill for an act
1.2 relating to taxation; corporate franchise; imposing an additional tax on certain
1.3 corporations with high principal executive officer to median worker pay ratios;
1.4 disqualify certain companies from receiving state subsidies and grants; amending
1.5 Minnesota Statutes 2022, section 290.06, by adding a subdivision; Minnesota
1.6 Statutes 2023 Supplement, section 16B.981, by adding a subdivision.

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

1.8 Section 1. Minnesota Statutes 2023 Supplement, section 16B.981, is amended by adding
1.9 a subdivision to read:

1.10 Subd. 7. Disqualification from eligibility to receive grants. An entity that is subject
1.11 to the additional tax under section 290.06, subdivision 1b, paragraphs (c) to (g), is ineligible
1.12 to receive a grant. The agency may require any additional information to make this
1.13 determination.

1.14 EFFECTIVE DATE. This section is effective January 1, 2025.

1.15 Sec. 2. Minnesota Statutes 2022, section 290.06, is amended by adding a subdivision to
1.16 read:

1.17 Subd. 1b. Additional tax imposed; publicly held companies with qualifying pay
1.18 ratios. (a) The provisions of this subdivision apply to each entity that is:

1.19 (1) subject to tax under this section; and

1.20 (2) a member of a unitary business, as defined under section 290.17, subdivision 4, if

1.21 any member of the unitary business is required to file a pay ratio disclosure under Code of

2.1 Federal Regulations, title 17, section 229.402(u), during the taxable year and if that pay
2.2 ratio meets the requirements of paragraphs (b) to (g).

2.3 (b) A surtax equal to one-half of one percent of the entity's total wages paid is imposed
2.4 for the taxable year if the entity's pay ratio is at least 50:1 but less than 100:1.

2.5 (c) A surtax equal to one percent of the entity's total wages paid is imposed for the taxable
2.6 year if the entity's pay ratio is at least 100:1 but less than 200:1.

2.7 (d) A surtax equal to two percent of the entity's total wages paid is imposed for the
2.8 taxable year if the entity's pay ratio is at least 200:1 but less than 300:1.

2.9 (e) A surtax equal to three percent of the entity's total wages paid is imposed for the
2.10 taxable year if the entity's pay ratio is at least 300:1 but less than 400:1.

2.11 (f) A surtax equal to four percent of the entity's total wages paid is imposed for the
2.12 taxable year if the entity's pay ratio is at least 400:1 but less than 500:1.

2.13 (g) A surtax equal to five percent of the entity's total wages paid is imposed for the
2.14 taxable year if the entity's pay ratio is at least 500:1.

2.15 (h) The tax imposed under this subdivision is in addition to any tax imposed under
2.16 subdivision 1, and section 290.0921.

2.17 (i) For purposes of this subdivision, the following terms have the meanings given:

2.18 (1) "pay ratio" means the pay ratio disclosed by the unitary business under Code of
2.19 Federal Regulations, title 17, section 229.402(u)(1)(iii), during the taxable year; and

2.20 (2) "total wages paid" means the amount of wages, tips, or other compensation, reported
2.21 by the entity on federal form W-3 for the taxable year.

2.22 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
2.23 31, 2024.