

1.1 A bill for an act

1.2 relating to individual income taxation; extending the reciprocity agreement with
1.3 the state of Wisconsin and permitting its termination only by legislative action;
1.4 amending Minnesota Statutes 2008, section 290.081.

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

1.6 Section 1. Minnesota Statutes 2008, section 290.081, is amended to read:

1.7 **290.081 INCOME OF NONRESIDENTS, RECIPROCITY.**

1.8 (a) The compensation received for the performance of personal or professional
1.9 services within this state by an individual whose residence, place of abode, and place
1.10 customarily returned to at least once a month is in another state, shall be excluded from
1.11 gross income to the extent such compensation is subject to an income tax imposed by the
1.12 state of residence; provided that such state allows a similar exclusion of compensation
1.13 received by residents of Minnesota for services performed therein.

1.14 (b) When it is deemed to be in the best interests of the people of this state, the
1.15 commissioner may determine that the provisions of paragraph (a) shall not apply. As long
1.16 as the provisions of paragraph (a) apply between Minnesota and Wisconsin, the provisions
1.17 of paragraph (a) shall apply to any individual who is domiciled in Wisconsin.

1.18 (c) For the purposes of paragraph (a), whenever the Wisconsin tax on Minnesota
1.19 residents which would have been paid Wisconsin without paragraph (a) exceeds the
1.20 Minnesota tax on Wisconsin residents which would have been paid Minnesota without
1.21 paragraph (a), or vice versa, then the state with the net revenue loss resulting from
1.22 paragraph (a) shall receive from the other state the amount of such loss. This provision
1.23 shall be effective for all years beginning after December 31, 1972. The data used for

S.F. No. 2599, as introduced - 86th Legislative Session (2009-2010) [10-4103]

2.1 computing the loss to either state shall be determined on or before September 30 of the
2.2 year following the close of the previous calendar year.

2.3 (d) Interest is payable on all amounts calculated under paragraph (c) relating to
2.4 taxable years beginning after December 31, 2000. Interest accrues from July 1 of the
2.5 taxable year. The commissioner of revenue is authorized to enter into agreements with the
2.6 state of Wisconsin specifying the reciprocity payment due date, conditions constituting
2.7 delinquency, interest rates, and a method for computing interest due.

2.8 (e) If an agreement cannot be reached as to the amount of the loss, the commissioner
2.9 of revenue and the taxing official of the state of Wisconsin shall each appoint a member
2.10 of a board of arbitration and these members shall appoint the third member of the board.
2.11 The board shall select one of its members as chair. Such board may administer oaths, take
2.12 testimony, subpoena witnesses, and require their attendance, require the production of
2.13 books, papers and documents, and hold hearings at such places as are deemed necessary.
2.14 The board shall then make a determination as to the amount to be paid the other state
2.15 which determination shall be final and conclusive.

2.16 (f) The commissioner may furnish copies of returns, reports, or other information to
2.17 the taxing official of the state of Wisconsin, a member of the board of arbitration, or a
2.18 consultant under joint contract with the states of Minnesota and Wisconsin for the purpose
2.19 of making a determination as to the amount to be paid the other state under the provisions
2.20 of this section. Prior to the release of any information under the provisions of this section,
2.21 the person to whom the information is to be released shall sign an agreement which
2.22 provides that the person will protect the confidentiality of the returns and information
2.23 revealed thereby to the extent that it is protected under the laws of the state of Minnesota.

2.24 (g) Notwithstanding the provisions of paragraph (b) and any contrary action of
2.25 the commissioner of revenue, the income tax reciprocity agreement with the state of
2.26 Wisconsin continues in effect until terminated by Minnesota or Wisconsin law. The
2.27 commissioner may agree to modify the timing or method of calculating the state payments
2.28 to be made under the agreement, consistent with the requirements of paragraphs (c) and
2.29 (d), but may not terminate the agreement.

2.30 **EFFECTIVE DATE.** This section is effective the day following final enactment
2.31 and applies to taxable years beginning after December 31, 2009.