

**SENATE  
STATE OF MINNESOTA  
NINETY-FIRST SESSION**

**S.F. No. 3942**

(SENATE AUTHORS: ANDERSON, B. and Howe)

DATE  
03/04/2020

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Introduction and first reading  
Referred to Taxes

OFFICIAL STATUS

1.1 A bill for an act  
1.2 relating to taxation; individual income; reducing tax rates; amending Minnesota  
1.3 Statutes 2019 Supplement, section 290.06, subdivision 2c.

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

1.5 Section 1. Minnesota Statutes 2019 Supplement, section 290.06, subdivision 2c, is amended  
1.6 to read:

1.7 Subd. 2c. **Schedules of rates for individuals, estates, and trusts.** (a) The income taxes  
1.8 imposed by this chapter upon married individuals filing joint returns and surviving spouses  
1.9 as defined in section 2(a) of the Internal Revenue Code must be computed by applying to  
1.10 their taxable net income the following schedule of rates:

- 1.11 (1) On the first \$38,770, ~~5.35~~ 4.85 percent;
- 1.12 (2) On all over \$38,770, but not over \$154,020, ~~6.8~~ 6.3 percent;
- 1.13 (3) On all over \$154,020, but not over \$269,010, ~~7.85~~ 7.35 percent;
- 1.14 (4) On all over \$269,010, ~~9.85~~ 9.35 percent.

1.15 Married individuals filing separate returns, estates, and trusts must compute their income  
1.16 tax by applying the above rates to their taxable income, except that the income brackets  
1.17 will be one-half of the above amounts after the adjustment required in subdivision 2d.

1.18 (b) The income taxes imposed by this chapter upon unmarried individuals must be  
1.19 computed by applying to taxable net income the following schedule of rates:

- 1.20 (1) On the first \$26,520, ~~5.35~~ 4.85 percent;
- 1.21 (2) On all over \$26,520, but not over \$87,110, ~~6.8~~ 6.3 percent;

2.1 (3) On all over \$87,110, but not over \$161,720, ~~7.85~~ 7.35 percent;

2.2 (4) On all over \$161,720, ~~9.85~~ 9.35 percent.

2.3 (c) The income taxes imposed by this chapter upon unmarried individuals qualifying as  
2.4 a head of household as defined in section 2(b) of the Internal Revenue Code must be  
2.5 computed by applying to taxable net income the following schedule of rates:

2.6 (1) On the first \$32,650, ~~5.35~~ 4.85 percent;

2.7 (2) On all over \$32,650, but not over \$131,190, ~~6.8~~ 6.3 percent;

2.8 (3) On all over \$131,190, but not over \$214,980, ~~7.85~~ 7.35 percent;

2.9 (4) On all over \$214,980, ~~9.85~~ 9.35 percent.

2.10 (d) In lieu of a tax computed according to the rates set forth in this subdivision, the tax  
2.11 of any individual taxpayer whose taxable net income for the taxable year is less than an  
2.12 amount determined by the commissioner must be computed in accordance with tables  
2.13 prepared and issued by the commissioner of revenue based on income brackets of not more  
2.14 than \$100. The amount of tax for each bracket shall be computed at the rates set forth in  
2.15 this subdivision, provided that the commissioner may disregard a fractional part of a dollar  
2.16 unless it amounts to 50 cents or more, in which case it may be increased to \$1.

2.17 (e) An individual who is not a Minnesota resident for the entire year must compute the  
2.18 individual's Minnesota income tax as provided in this subdivision. After the application of  
2.19 the nonrefundable credits provided in this chapter, the tax liability must then be multiplied  
2.20 by a fraction in which:

2.21 (1) the numerator is the individual's Minnesota source federal adjusted gross income as  
2.22 defined in section 62 of the Internal Revenue Code and increased by:

2.23 (i) the additions required under sections 290.0131, subdivisions 2, 6, 8 to 10, 16, and  
2.24 17, and 290.0137, paragraph (a); and reduced by

2.25 (ii) the Minnesota assignable portion of the subtraction for United States government  
2.26 interest under section 290.0132, subdivision 2, the subtractions under sections 290.0132,  
2.27 subdivisions 9, 10, 14, 15, 17, 18, and 27, and 290.0137, paragraph (c), after applying the  
2.28 allocation and assignability provisions of section 290.081, clause (a), or 290.17; and

2.29 (2) the denominator is the individual's federal adjusted gross income as defined in section  
2.30 62 of the Internal Revenue Code, increased by:

2.31 (i) the additions required under sections 290.0131, subdivisions 2, 6, 8 to 10, 16, and  
2.32 17, and 290.0137, paragraph (a); and reduced by

3.1 (ii) the subtractions under sections 290.0132, subdivisions 2, 9, 10, 14, 15, 17, 18, and  
3.2 27, and 290.0137, paragraph (c).

3.3 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
3.4 31, 2019.