Minnesota Tax Handbook

A Profile of State and Local Taxes in Minnesota

2014 Edition

MINNESOTA · REVENUE

Tax Research Division

January 2015

The *Minnesota Tax Handbook* provides general information on Minnesota state and local taxes. Questions regarding the application of a tax to the specific situation of an individual or a business should be directed as follows:

Individual income tax and property tax refund
Minnesota Department of Revenue
Income Tax Division
Mail Station 5510
St. Paul, MN 55146-5510
(651) 296-3781 (Metro) or 1-800-652-9094 (Greater Minnesota)
individual.incometax@state.mn.us

Sales tax
Minnesota Department of Revenue
Mail Station 6330
St. Paul, MN 55146-6330
(651) 296-6181 (Metro) or 1-800-657-3777 (Greater Minnesota)
salesuse.tax@state.mn.us

Corporate franchise (income) tax
Minnesota Department of Revenue
Mail Station 5140
St. Paul, MN 55146-5140
(651) 556-3075
businessincome.tax@state.mn.us

Hearing Impaired
TTY: Call 711 for Minnesota Relay

Information is also available on the Department of Revenue's web site at www.revenue.state.mn.us

Property tax
Questions relating to specific property should be directed to the county in which the property is located.
Valuations and assessments: county assessor.
Tax rates and computation: county auditor.
Tax statement and payment: county treasurer.

Photograph on the front cover of the Minnesota State Capitol in 1973 used with permission of the Minnesota Historical Society

MINNESOTA TAX HANDBOOK

A Profile of State and Local Taxes in Minnesota 2014 Edition

The *Minnesota Tax Handbook* is published biennially, with a smaller Supplement published in the intervening years. The first section provides a profile of each state tax including tax base, rates, collection amounts, and legislative history. The second section profiles each local tax in a similar manner. The last section contains state and local tax collections for the two most recent years.

The tax provisions include law changes enacted through 2014.

Please note:
- Collection amounts are net collections after refunds.
- The history sections show major changes by the year enacted, not the effective date.

The *Minnesota Tax Handbook* is available on the Department of Revenue's web site at www.revenue.state.mn.us/research_stats/Pages/Tax_Handbooks.aspx

The *Minnesota Tax Handbook* may also be obtained by contacting:

Minnesota Department of Revenue
Tax Research Division
Mail Station 2230
St. Paul, MN 55146-2230
(651) 296-3425

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STATE TAXES

INCOME AND ESTATE TAXES

INDIVIDUAL INCOME TAX

Minnesota Statutes, Chapter 290

Tax Base: Federal taxable income modified by state additions and subtractions.

Rates and Taxable Income Brackets: The income brackets are adjusted annually for inflation.

Tax Year 2015

	5.35% up to	7.05%	7.85%	9.85% over
MJ	$36,650	$36,651 - $145,620	$145,621 - $258,260	$258,260
MS	$18,330	$18,331 - $72,810	$72,811 - $129,130	$129,130
S	$25,070	$25,071 - $82,360	$82,361 - $154,950	$154,950
HH	$30,870	$30,871 - $124,040	$124,041 - $206,610	$206,610

Computation for tax year 2015:

Federal taxable income

plus: Minnesota additions, including:
- — non-Minnesota state/municipal bond interest
- — itemized deduction for state income taxes
- — expenses deducted federally on income not taxed by Minnesota
- — federal deduction for U.S. production activities

minus: Minnesota subtractions, including:
- — U.S. bond interest
- — dependent K-12 education expenses, up to maximums
- — income of elderly and disabled (up to limits)
- — railroad retirement income
- — 20% of 2010-2014 addition for bonus depreciation
- — 20% of 2010-2014 addition for Sec. 179 expensing
- — 50% of charitable contributions over $500 for nonitemizers
- — military pay (active duty, National Guard, Reserve)
- — income from a Job Opportunity Building Zone business

equals: Minnesota taxable income

times: graduated rates - 5.35%, 7.05%, 7.85%, and 9.85%

equals: Minnesota gross tax

plus: alternative minimum tax (6.75% of alternative minimum taxable income) exceeding regular tax

minus: nonrefundable credits, including:
- — marriage credit for joint returns if both spouses have earned income
- — credit for income tax paid to other states
- — alternative minimum tax carryover credit
- — research and development credit
- — credit for long-term care insurance premiums
- — credit for past military service

equals: tax liability

minus: refundable credits, including:
- — dependent care credit, up to $39,400 income
- — working family credit (same eligibility as federal earned income credit)
- — K-12 education credit, limited by income based on number of children
- — angel investment tax credit
- — historic structure rehabilitation credit
- — Job Opportunity Building Zone jobs credit
- — Greater Minnesota internship credit
- — credit for military service in a combat zone

equals: net individual income tax payable

Special Provisions:
1. Taxpayers may assign $5 from the general fund to a political party or to the general campaign fund.
2. Taxpayers may contribute $1 or more to the Minnesota Nongame Wildlife Management Account by reducing their refund or increasing their amount owed.
3. Minnesota has income tax reciprocity agreements with Michigan and North Dakota.
4. Nonresident entertainers pay a tax equal to 2% of compensation received for entertainment performed in Minnesota in lieu of the regular income tax.

Revenue

Collections:	F.Y. 2013	$9,012,546,000
	F.Y. 2014	$9,659,554,000

Disposition: State General Fund

Administration

Agency: Minnesota Department of Revenue

Who Pays: An individual, trust, or estate with income which meets or exceeds the filing requirements.

Number of Taxpayers: 2.7 million returns filed annually

Due Dates: Calendar year returns are due the following April 15th. Quarterly estimated tax payments for calendar year filers are due the 15th of April, June, September, and the next January. Withholding of tax on Minnesota earnings is required of employers. Employers remit taxes withheld on a semi-weekly, monthly, or quarterly basis.

History of Major Changes

1933 — Enacted at graduated rates from 1% to 5%.
1937 — Rates increased; personal credits replaced exemptions.
1949 — Standard deduction of 10% to $500 maximum enacted.
— 5% surtax levied on the normal rate.
1951 — Additional personal credits enacted for blind and elderly.
1953 — Standard deduction maximum raised to $1,000.
1955 — Dependent education expense deduction enacted.
1957 — 5% veterans' bonus surtax levied.
1959 — Rates increased.
1961 — Gross income redefined as federal adjusted gross income with modifications.
— Withholding of income taxes enacted.
1965 — Rates increased temporarily.
1967 — Rent credit and senior citizen credit enacted.
— Temporary rate increase extended.
1969 — Temporary rate increase extended.
1971 — Combined return allowed for married-separate filers.
— Rates increased from 1.5%-12% to 1.6%-15%.
— Credits for pollution control equipment and nonpublic school costs enacted.
— Senior citizen, rent, and personal credits increased.
1973 — Rent and senior citizen tax credits increased.
— Senior citizen property tax freeze credit enacted.
— Farm loss modification enacted.
1974 — Low income and political contribution credits enacted.
— Nonpublic school credit held unconstitutional.
1975 — Additional personal credits enacted for deaf persons.
— Rent and senior citizen credits replaced by income-adjusted homestead credit (property tax refund).
— Low income credit levels increased.
1976 — Maximum education expense deduction increased.
1977 — Minimum tax on preference items imposed.
— Out-of-state income included in income.
— Dependent care credit enacted.
— Brackets with rates of 16%, 17%, and 18% added.
— Personal credits increased from $21 to $30 each.
— Public pension subtraction limited to $7,200.
— Exemption for a portion of military pay repealed.
— Senior citizen property tax freeze credit repealed.
1978 — 18% top rate repealed.
— Personal credits increased to $40.
— Homemaker and National Guard credits enacted.
— Pension subtraction extended to private pensions.
— Low income and political contribution credits increased.
1979 — Personal credits increased to $55, indexed (1981); additional credits for quadriplegic persons.
— Maximum standard deduction increased to $2,000; indexed (1981).
— Low income credit levels increased.
— Income tax brackets indexed.
— 17% top rate repealed.
— Pension subtraction increased to $10,000.
— National Guard credit repealed. Subtraction of a portion of military pay reinstated.
— Political contribution credit and property tax refund increased.
— Pollution control and renewable energy credits enacted.
1980 — Pension subtraction increased to $11,000.
— Low income credit levels increased.
— Dependent care credit increased.
1981 — Federal tax deduction changed from cash to accrual basis.
— Taxable net income adjustment factor adopted.
— Capital gains exclusion of 60% enacted.
— Surtax of 7% enacted.
— Property tax refund for renters under age 65 changed from an income tax credit to a separate payment.
1982 — Temporary surtax increased to 10%.
— Property tax refund for senior citizens changed from an income tax credit to a separate payment.
1983 — Temporary surtax of 10% extended.
— Subtraction for investment tax credit repealed.
— Dependent care credit increased.
— Pollution control credits repealed.
— Equity investment and enterprise zone credits enacted.
1984 — Repealed 10% surtax.
— Expanded pension income subtraction.
— Increased maximum education expense deduction.
— Pollution control credits reinstated.
— Credits enacted for conservation tillage equipment and resource recovery equipment.
— Computation of tax for nonresidents changed to apportionment of total tax.
1985 — Required the election of married persons to file jointly or separately to be the same as the federal. Established a different rate schedule for married-joint returns. Other provisions based on the couple's joint income.
— Tax rates lowered; deductibility of federal income tax made an option (higher rates used when federal tax is deducted).
— Conformed to federal provisions: deduction for two-earner married couples; contributions to an individual retirement account, simplified employee plan, or Keogh plan; and the taxability of social security benefits.
— Eliminated the farm loss modification.
— Modified the subtraction for pension income and limited it to elderly and disabled persons.
— Taxable net income adjustment factor repealed.
— Repealed these credits: low income; homemaker; residential energy; resource recovery equipment; pollution control; conservation tillage; and equity investment.
— Replaced minimum tax with alternative minimum tax.

1987 — Changed the starting point of the tax from federal adjusted gross income to federal taxable income, thereby adopting the federal standard deduction, itemized deductions, and personal exemptions.
— Adopted changes made by the federal Tax Reform Act of 1986, including repeal of the capital gains exclusion.
— Eliminated the option to deduct federal income taxes.
— Tax rates changed to four brackets at rates of 4%, 6%, 8%, and 9% for 1987 and to two brackets at rates of 6% and 8% for 1988. Schedule added for head of household.
— Additional tax equal to 10% of the federal 5% surtax enacted (1988).
— Increased alternative minimum tax rate from 4% to 6%.
— Repealed: the personal credits and the Minnesota itemized and standard deductions (replaced by federal provisions); political contribution credit; subtractions including pension income, military pay, and unemployment compensation.
— Enacted a credit for elderly and disabled persons equal to 40% of the federal credit.

1988 — Rate schedule added for married-separate returns.
— Surtax changed to an additional 0.5% of taxable income for specified brackets of income.
— Subtraction enacted for income of the elderly and disabled, up to a maximum amount based on income.
— Elderly and disabled persons credit repealed.

1989 — Dependent care credit phase-out modified; income levels indexed (1991).
— Alternative minimum tax credit enacted.
— Nonresident entertainer tax enacted.

1991 — Top rate kept at 8.5% rather than going down to 8% above specified income thresholds.
— Alternative minimum tax rate increased to 7%.
— Federal changes adopted include the phaseout of the personal exemptions and the limitation of itemized deductions for higher-income taxpayers.
— Working family credit enacted equal to 10% of the federal earned income credit.

1992 — Full deduction allowed for health insurance premiums of self-employed persons.

1993 — Working family credit increased from 10% to 15% of the federal earned income credit.

1994 — Adopted federal changes that increased the taxable portion of social security and expanded the earned income credit.
— Elderly subtraction base amounts and income thresholds increased; minimum subtraction added for 1994 to 1996.

1997 — Refundable credit enacted for 1997 only equal to 20% of property taxes paid by homeowners and renters.
— Dependent education expense deduction extended to nonitemizers and allowed for tutoring and other expenses; maximum deduction increased (1998).

— Refundable credit enacted equal to education expenses up to $1,000 per child, $2,000 per family, for families with income of $33,500 or less (1998).
— Working family credit increased for taxpayers with children from 15% to 25% of the federal earned income credit (1998).
— Credit for long-term care insurance premiums enacted (1999).
— Nonrefundable credit enacted for increases in cabin property taxes for 1998 and 1999.

1998 — Refundable credit enacted for 1998 only equal to 20% of property taxes paid by homeowners and renters, with a maximum credit of $1,500.
— Working family credit changed from a percentage of the federal earned income credit to a separate calculation.
— Deduction disallowed for expenses related to income exempt from Minnesota tax.
— Adopted federal provisions of Roth and education IRAs, expansion of deductible IRAs, capital gains exclusion for home sales, and deduction of student loan interest.
— Shareholders of S corporation banks allowed to subtract the federal tax on flow-through bank income.

1999 — Rates reduced from 6%, 8%, 8.5% to 5.5%, 7.25%, 8%.
— Alternative minimum tax rate reduced from 7% to 6.5%.
— Marriage credit enacted for married-joint filers if both spouses have earned income.
— Working family credit increased.
— Subtraction enacted for nonitemizers equal to 50% of charitable contributions over $500.
— Income limit for the education credit increased to $37,500, maximum credit phased out from $33,500 to $37,500.
— Allowed all remaining subtractions to be taken in tax year 2000 which were due to additions made in the early 1980s for IRAs, Keogh plans, public pension plans, and ACRS.
— Conformed to federal S corporation treatment for shareholders of electing banks. Corporate level tax retained, and shareholders allowed credit equal to 80% of the corporate tax.

2000 — Rates reduced from 5.5%, 7.25%, 8% to 5.35%, 7.05%, 7.85%.
— Alternative minimum tax rate reduced from 6.5% to 6.4%.
— Working family credit increased.
— Credit enacted equal to 30% of employer expense to provide transit passes to employees for use in Minnesota.
— Deferred employee compensation earned as a resident not assignable to Minnesota if received in a subsequent year when a nonresident.

2001 — K-12 education credit reduced from 100% to 75% of expenses (2002).

— Adopted federal changes including a deduction for higher education tuition, increase in maximum IRA contributions, increase in the dependent care credit, and increase in the standard deduction and working family credit for married-joint returns.
— Minnesota residents on active military duty considered nonresidents while stationed outside Minnesota.
— Credit for shareholders of S corporation banks repealed along with the corporate tax on S corporation banks.

2002 — Adopted federal 30% bonus depreciation but required 80% be added back on the state return, with that amount subtracted in equal parts over the next five years.

2003 — Adopted federal changes including increase in the standard deduction for married taxpayers for 2003 and 2004, increased expensing for 2003 to 2005, and the increase in bonus depreciation from 30% to 50%, subject to the Minnesota addback of 80%.
— Enacted exemptions for business, rental, and investment income generated by qualified businesses and a refundable jobs credit for qualified businesses in a Job Opportunity Building Zone.

2005 — Adopted provisions of 2003 and 2004 federal bills, except for the increased standard deduction for married filers and the deduction for U.S. production activities. Increased expensing for 2006 and 2007 subject to an addback of 80%, with that amount subtracted over the next five years.
— Subtractions enacted for active duty military service outside Minnesota (replacing treatment as a nonresident), National Guard service in Minnesota, and human organ donation expenses of living donors.
— For the K-12 education credit, increased the maximum credit and income phase-out range for taxpayers with three or more children.

2006 — Adopted federal provisions, including increased standard deduction for married filers and increased expensing for 2008 and 2009, subject to the 80% addback.
— Exemption amounts for alternative minimum tax increased by 50%; indexed (2007).
— Credit of $59 per month enacted for military service in a combat zone.
— Credit enacted for 50% of bovine tuberculosis testing costs.

2007 — Adopted federal provisions for tax year 2006 only.

2008 — Federal provisions adopted, except for the deductions of tuition and teacher classroom expenses for tax year 2007. Federal 50% bonus depreciation and increased Section 179 expensing subject to 80% addback and five-year recovery.
— Deduction of certain penalties and fines disallowed.
— Subtractions enacted for National Guard and Reserve military pay for weekend drills and summer camp and for AmeriCorps education awards.

— Exemption from Minnesota-source income eliminated for deferred compensation earned as a resident but received while a nonresident.
— Combat zone credit increased from $59 to $120 per month.
— Credits enacted: for past military service equal to $750, which phases out for income between $30,000 and $37,500; lower income motor fuels tax credit equal to $25 per return for filers whose taxable income does not exceed the first tax bracket.
— Credit for bovine tuberculosis testing costs reduced from 50% to 25% for corporations and for S corporations and their shareholders.

2009 — Federal provisions adopted, except for the exclusion of up to $2,400 of unemployment compensation, the additional standard deductions for real estate taxes and motor vehicle sales tax, the deductions for tuition and teacher classroom expenses, and the deferral of discharge of indebtedness income from the reacquisition of business debt. Federal 50% bonus depreciation and increased Section 179 expensing subject to 80% addback and five-year recovery.
— Credit enacted for new participants in a Section 125 employer health insurance plan equal to 20% of premiums paid by the employee for the first twelve months.

2010 — Enacted refundable research and development credit.
— Enacted historic structure rehabilitation credit which expires after fiscal year 2015.
— Enacted angel investment tax credit for tax years 2010 through 2014.
— Repealed lower income motor fuels tax credit.
— Adopted federal increased Section 179 expensing for tax year 2010, subject to 80% addback and five-year recovery.

2011 — Federal provisions adopted except, for tax years 2011 and 2012, the increased standard deduction for married filers and the repeal of the limit on itemized deductions and phaseout of personal exemptions.
— Repealed credit for new participants in a Section 125 employer health insurance plan.

2013 — Fourth bracket with a tax rate of 9.85% enacted for taxable income exceeding $250,000 for married-joint returns, $125,000 for married-separate returns, $150,000 for single persons, and $200,000 for heads of households.
— Alternative minimum tax rate increased from 6.4% to 6.75%.
— Research credit made nonrefundable.
— Historic structure rehabilitation credit extended for six years.
— Greater Minnesota internship credit enacted (2014).

2014 — Working family credit increased and formulas modified.
— Angel investment credit extended for two years.
— Reading credit enacted for tax year 2014 only.

CORPORATE FRANCHISE TAX

Minnesota Statutes, Chapter 290

Tax Base: Minnesota taxable net income of the corporation. Domestic unitary reporting method is used.

Rate: 9.8%

Major Exemptions:

- Charitable, religious, educational, and other organizations exempt under Subchapter F of the Internal Revenue Code. Unrelated business income of exempt organizations is taxed.
- Credit unions
- Insurance companies
- Mining subject to the occupation tax

Computation for tax year 2015:

	Federal taxable income
plus:	Minnesota additions, including:
	— state, local, and foreign income taxes deducted federally
	— federally-exempt interest
	— net operating loss deducted federally
	— federal dividend received deduction
	— losses from mining subject to the occupation tax
	— federal capital loss deduction
	— federal percentage depletion deduction
	— federal deduction for U.S. production activities
	— fines, fees, and penalties deducted federally as a trade or business expense
minus:	Minnesota subtractions, including:
	— foreign dividend gross-up
	— salary expenses not deducted federally due to federal jobs credit or Indian employment credit
	— capital loss deduction (with no carrybacks)
	— interest and expenses on income that is exempt federally but subject to state tax
	— cost depletion for mines, oil and gas wells, other natural deposits, and timber
	— income from mining subject to the occupation tax
	— 20% of 2010-2014 addition for bonus depreciation
	— 20% of 2010-2014 addition for Sec. 179 expensing
	— income from a Job Opportunity Building Zone business
equals:	net income
times:	apportionment factor of Minnesota sales to total sales
equals:	taxable net income
minus:	Minnesota deductions
	— dividend received deduction
	— net operating loss
equals:	Minnesota taxable income
times:	tax rate of 9.8%
equals:	gross tax
minus:	nonrefundable credits
	— research and development credit
	— alternative minimum tax carryover credit
	— employer transit pass credit
plus:	— alternative minimum tax (5.8% of alternative minimum taxable income) exceeding regular tax
	— minimum fee*
equals:	tax liability
minus:	refundable credits
	— historic structure rehabilitation credit
	— Job Opportunity Building Zone jobs credit
equals:	net corporate tax payable

*The minimum fee is determined by the sum of the corporation's Minnesota property, payroll, and sales. It also applies to partnerships and S corporations. The brackets and minimum fee amounts are indexed for inflation and for tax year 2015 are:

Total Minnesota Property, Payroll, and Sales	Minimum Fee
Less than $960,000	$0
$960,000 - $1,929,999	$200
$1,930,000 - $9,649,999	$580
$9,650,000 - $19,299,999	1,930
$19,300,000 - $38,589,999	$3,860
$38,590,000 or more	$9,650

Special Provision: A corporation may contribute $1 or more to the Minnesota Nongame Wildlife Management Account by reducing its refund or increasing the amount owed.

Revenue

Collections:	F.Y. 2013	$1,280,843,000
	F.Y. 2014	$1,278,208,000

Disposition: State General Fund

Administration

Agency: Minnesota Department of Revenue

Who Pays: Domestic and foreign corporations and financial institutions which have nexus in Minnesota.

Number of Taxpayers: 35,000 returns filed annually

Due Dates: Quarterly payments of estimated tax due by 15th of 3rd, 6th, 9th, and 12th months of the tax year. Return is due the 15th day of 3rd month after tax year.

History of Major Changes

1933 — Enacted with rates graduated from 1% to 5% and a specific credit against income of $1,000.
1937 — 7% flat rate adopted; 6% rate after 1938.
— Property/payroll credit enacted.
1939 — Manufacturers given option of apportionment weighted 15% property, 15% payroll, and 70% sales, instead of the average of the three ratios.
1941 — Bank excise tax enacted at a rate of 8%.
1947 — Specific credit reduced to $500; $10 minimum tax imposed.
1949 — 5% special surtax added; additional $5 fee imposed.
1953 — Weighted apportionment option extended to all firms.
1955 — 1% surtax on taxable income added.
1957 — Property/payroll credit repealed.
1959 — For corporations 7.5% tax rate and 1.8% additional levy enacted, for banks, 9.5% and 1.9%.
1961 — 10% surtax added.
1967 — Rate increased to 11.33% for corporations and 13.64% for banks.
1969 — Pollution control credit enacted.
1971 — Federal tax deduction eliminated.
— Corporation rate increased to 12%.
— Feedlot pollution control credit enacted; both pollution control credits set to expire after 1976.
1973 — Minimum tax increased to $100.
— Destination sales basis adopted for apportionment.
— Bank rate reduced to 12%.
1977 — Minimum preference tax adopted.
1979 — Pollution control equipment credit reinstated.
— Energy credit enacted.
1980 — $100 minimum tax and $500 credit repealed.
1981 — Rate reduced to 9% (6% after 1982) on first $25,000 of taxable income.
— Credit for increasing research activities enacted.
— Unitary method of taxation enacted.
— 60% capital gain exclusion allowed.
1982 — Research credit changed to 12.5% of qualifying expenses up to $2 million, 6.25% over $2 million.
1983 — Pollution control credits repealed.
— Eliminated deduction for income taxes paid to other states.
— Enacted these credits: technology transfer; small business assistance office; equity investment; and enterprise zone.
1984 — Exempted foreign source dividends and certain foreign source royalties.
— Pollution control credits reinstated and expanded.
— Credits enacted for conservation tillage equipment and resource recovery equipment.
— Minimum preference tax and energy credit repealed.

1985 — Repealed these credits: pollution control; resource recovery equipment; equity investment; and conservation tillage.
1987 — Corporate income tax and bank excise tax replaced by a corporate franchise tax.
— Rate reduced to 9.5%.
— Adopted federal taxable income as the starting point.
— Eliminated the 60% capital gains exclusion.
— Adopted federal Tax Reform Act of 1986 changes.
— Eliminated arithmetic average option for apportionment.
— Alternative minimum tax enacted equal to one mill times the Minnesota property, payroll, and sales factors for 1987 to 1989. Replaced by minimum tax on preference items beginning in 1990.
— Reduced dividend received deduction and foreign source royalty deduction.
— Repealed credits for technology transfer to small business and contributions to small business assistance offices.
— Research and development credit percentages reduced.
1988 — Dividend received deduction changed.
— Deduction for 35% of foreign royalties repealed.
— Foreign operating corporation provisions enacted.
— Deduction enacted for foreign source royalties, fees, and other like income from a foreign operating corporation or a foreign corporation of 50% for 1989 and 1990, 80% thereafter.
1989 — Imposed tax on unrelated business income of exempt organizations.
— Alternative minimum tax of 7% enacted.
— Tax on insurance companies based on current Internal Revenue Code rather than 1936 Federal Revenue Act.
— Exemptions enacted for: insurance companies domiciled in retaliatory states; town and farmers' mutual insurance companies; and mutual property and casualty companies with total assets less than $1.6 billion.
— Additional 20% dividend received deduction allowed in certain situations.
1990 — Rate increased from 9.5% to 9.8%; alternative minimum tax rate reduced from 7% to 5.8%.
— Minimum fee enacted up to $5,000 based on Minnesota property, payroll, and sales of C corporations, S corporations, and partnerships.
1992 — Limited liability companies treated as partnerships.
1994 — Adopted changes made by the federal Omnibus Budget Reconciliation Act of 1993.
— Guaranty association assessments credit enacted for insurance companies.
1997 — Job training credit enacted.
1998 — Small corporations exempted from alternative minimum tax.

1999 — Sales factor in the apportionment formula increased from 70% to 75%; property and payroll factors each reduced from 15% to 12.5%, beginning in 2001.
— Credit for tax paid to another state allowed in certain situations.

2000 — Allowed all remaining depreciation modifications to be taken in tax year 2001.
— Credit enacted equal to 30% of expense to provide transit passes to employees for use in Minnesota.

2001 — Exempted insurance companies.
— Adopted the federal charitable contribution deduction and repealed the subtraction for contributions to charities in Minnesota.
— Exempted S corporation banks and repealed corresponding 80% credit for shareholders.
— Job training credit repealed.

2002 — Adopted federal 30% bonus depreciation but required 80% of the bonus depreciation be added back on the state return, with that amount subtracted in equal parts over the next five years.

2003 — Adopted federal changes including increased Section 179 expensing for 2003 to 2005 and the increase in bonus depreciation from 30% to 50%, subject to the Minnesota addback of 80%.
— Exemptions from the regular tax, alternative minimum tax, and minimum fee and a refundable jobs credit enacted for qualified businesses in a Job Opportunity Building Zone or the Biotechnology and Health Sciences Industry Zone, which also includes a refundable research credit.

2005 — Increased the weighting of the sales factor in the apportionment formula from 75% to 100% over eight years, from 2007 through 2014.
— Federal provisions adopted, except for the deduction for U.S. production activities and the exclusion for federal subsidies to employers with prescription drug plans for their retirees.
— Modified qualifications for foreign operating corporations.

2006 — Credit enacted for 50% of bovine tuberculosis testing costs.

2007 — Adopted federal provisions for tax year 2006 only.

2008 — Federal provisions adopted. Federal 50% bonus depreciation and increased Section 179 expensing subject to an addback of 80%, with the amount subtracted over the next five years.
— Qualifications for foreign operating corporations modified.
— Foreign royalty subtraction modified.
— Addition enacted for certain penalties and fines deducted federally.
— Credit for bovine tuberculosis testing costs reduced from 50% to 25% for corporations, including S corporations and their shareholders.

2009 — Federal provisions adopted, except for the deferral of discharge of indebtedness income from the reacquisition of business debt. Federal 50% bonus depreciation and increased Section 179 expensing subject to an addback of 80%, with that amount subtracted over the next five years.

2010 — Research and development credit changed to a refundable credit and credit percentage increased from 5% to 10% on the first $2 million of expenditures. The credit rate for expenditures over $2 million unchanged at 2.5%.
— Refundable historic structure rehabilitation credit enacted, which expires after fiscal year 2015.
— Adopted federal increased Section 179 expensing for tax year 2010, subject to 80% addback and five-year recovery.

2013 — Foreign royalty subtraction repealed.
— Foreign operating corporation provisions repealed.
— Definition of Minnesota sales modified for unitary groups.
— Minimum fee thresholds and amounts increased; indexed for inflation (2014).
— Research credit made nonrefundable.
— Historic structure rehabilitation credit extended for six years.
— Greater Minnesota internship credit enacted (2014).

ESTATE TAX
Minnesota Statutes, Chapter 291

Tax Base: Minnesota taxable estate.

Rates: For estates of decedents dying in 2015.*

Minnesota Taxable Estate			Tax Rate
Up to		$1,400,000	0%
$1,400,001	-	$3,600,000	10.0%
$3,600,001	-	$6,100,000	12.0%
$6,100,001	-	$7,100,000	12.8%
$7,100,001	-	$8,100,000	13.6%
$8,100,001	-	$9,100,000	14.4%
$9,100,001	-	$10,100,000	15.2%
Over		$10,100,000	16.0%

*The rate schedule is modified each year for deaths in 2016, 2017, and for 2018 and after.

Computation for estates of decedents dying in 2015:

Federal taxable estate
plus: Minnesota additions:
— federal deduction for state death taxes
— federal deduction for foreign death taxes
— taxable gifts made by the decedent within three years of death
minus: Deduction for qualified small business and farm property, up to a maximum amount
equals: Minnesota taxable estate
times: graduated rates from 0% to 16%
equals: Minnesota estate tax

Revenue

Collections:	F.Y. 2013	$158,928,000
	F.Y. 2014	$177,433,000

Disposition: State General Fund

Administration
Agency: Minnesota Department of Revenue

Who Pays: Personal representative submits a return if gross estate exceeds $1.2 million for estates of decedents dying in 2014, $1.4 million for 2015, $1.6 million for 2016, $1.8 million for 2017, and $2 million for deaths in 2018 and after.

Number of Taxpayers: 2,200 returns filed in 2013

Due Dates: Tax due within nine months after death.

History of Major Changes

1905 — Inheritance tax adopted, with rates from 1.5% to 5%.
1911 — Exemptions provided ranging from $10,000 for spouse to $100 for an unrelated person.
— Rates from 1% to 20% adopted, depending on the relationship of the heir to the decedent.
1937 — Gift tax enacted.
— Rate increased from a maximum of 20% to 60%, not greater than 35% of value of property.
1959 — Rates changed and exemptions increased.
1976 — Homestead exemption increased to $45,000.
— Marital exemption and exemption for minor child increased.
1979 — Inheritance and gift taxes repealed and replaced with estate tax with graduated rates from 7% to 12%, but tax not less than the federal credit for state death taxes.
1981 — Conformed to federal changes increasing minimum filing requirements and providing unlimited marital deduction.
1985 — Eliminated the Minnesota rate schedule tax; tax equal to the federal credit for state death taxes.
1998 — Adopted 1997 federal changes, including the phased-in increase in filing requirements.
2002 — Tax decoupled from federal tax and determined under pre-2001 federal law.
2011 — Enacted deduction for up to $4 million of qualified farm and small business property.
2013 — Taxable estate extended to include gifts made within three years of death.
— For a nonresident decedent, Minnesota property held in a pass-through entity subject to tax.
— Gift tax enacted (7/1/13).
2014 — Tax changed from the federal credit for state death taxes to a separate calculation.
— Exemption increased from $1 million to $2 million and rates changed, phased in over five years.
— Maximum deduction for qualified small business and farm property reduced from $4 million to $3 million, phased in over five years.
— Gift tax repealed (7/1/13).

SALES AND EXCISE TAXES

GENERAL SALES AND USE TAX

Minnesota Statutes, Chapter 297A and Section 295.75

Tax Base: Sales price of tangible personal property and specified taxable services sold or used in Minnesota.

Rates:

General rate	6.875%
Gross receipts tax on liquor and beer	2.5%
Additional tax on the rental of a car, van, or pickup truck for less than 29 days	9.2%
Fee on the rental of a car, van, or pickup truck for less than 29 days	5.0%

Major Exemptions: Sales for resale in the course of business; materials used in agricultural or industrial production; food products (but not prepared meals and drinks, candy, gum, and soft drinks); clothing; drugs and medicines; fuels taxed under the motor fuels excise tax; motor vehicles subject to the motor vehicle sales tax; cigarettes (subject to an in-lieu tax); residential heating fuels and water services; certain capital equipment; and farm machinery.

Revenue

Collections:	F.Y. 2013	F.Y. 2014
Sales and Use Tax 6.5%	$4,715,820,000	$4,984,713,000
Sales and Use Tax 0.375%	$274,185,000	$288,614,000
Liquor Gross Receipts	$77,524,000	$80,413,000
Motor Vehicle Rental Tax	$14,958,000	$22,648,000
Motor Vehicle Rental Fee*	$1,342,000	$2,273,000

*Amount remitted is the excess of the fee over the motor vehicle registration tax on those vehicles.

Disposition:

State General Fund	Tax at the 6.5% rate* Liquor gross receipts tax Motor vehicle rental tax
	Tax at the 0.375% rate:
Outdoor Heritage Fund	33.00%
Clean Water Fund	33.00%
Parks and Trails Fund	14.25%
Arts and Cultural Heritage Fund	19.75%
Highway User Tax Distribution Fund	Motor vehicle rental fee

*Exceptions: The tax on motor vehicle leases over $32 million per year is transferred 50% to the County State-Aid Highway Fund and 50% to the Greater Minnesota Transit Account; and the tax on aircraft purchases and leases goes to the State Airports Fund.

Administration

Agency: Minnesota Department of Revenue

Who Pays: Purchasers or users of taxable goods and services. Holders of sales and use tax permits collect and remit the tax. Holders of direct pay permits remit the tax directly.

Number of Taxpayers: 160,000 businesses

Due Dates: For monthly returns, 20th day of the following month. For filers having an annual liability of $250,000 or more, accelerated payment of 81.4% of June liability applies. For quarterly returns, 20th of the month following the sales quarter. For annual returns, February 5th. Individual use tax due April 15th.

History of Major Changes

1967 — Sales tax enacted at a rate of 3%.
1971 — Rate increased to 4%.
— Motor vehicles exempted from the sales tax and made subject to the motor vehicle excise tax.
1973 — Accessory tools exempted.
1978 — Residential heating fuels exempted.
1979 — Residential water service exempted.
1981 — Rate temporarily increased from 4% to 5%, except for farm machinery.
— Exemption for cigarettes repealed.
— June accelerated payment enacted at 50%.
1982 — Exemptions for candy and soft drinks repealed.
— Cable TV services made taxable.
— Additional 5% tax imposed on on-sale liquor.
— Rate temporarily increased to 6%.
1983 — Rate permanently changed to 6%.
— Additional tax on on-sale liquor reduced to 2.5% and extended to off-sale liquor.
— Exempted: racehorses; paper and ink used to produce publications; and construction materials and equipment used in enterprise zones.
— Over-the-counter sales of magazines made taxable.
1984 — Rate reduced to 4% on capital equipment for new or expanding manufacturing facilities and on special tooling.
— Mobile homes taxed at 65% of sales price; used mobile homes exempted.
1985 — Rate for farm machinery reduced to 2%.
— Exempted: repair and replacement parts for farm machinery; ticket sales and admissions to elementary and secondary school games and activities; and certain sales by nonprofit organizations, including fundraising.
— Repealed central office telephone equipment exemption.

1987 — Repealed exemptions for: nonprescribed drugs and medicine; state government purchases; interstate telephone service; railroad rolling stock; most club dues; racehorses; meals sold in hospital cafeterias; admission to public recreational areas; and admission to health clubs, tanning facilities, and similar places.
— Sales tax extended to: parking; motor vehicle cleaning and maintenance (not repair); pet grooming; laundry and dry cleaning; building and residential cleaning, maintenance, and exterminating; detective agencies, security, burglar and fire alarm, and armored car services; and lawn, garden, tree, and shrub services.
— Repealed reduction in sales price for federal taxes.

1988 — Exemptions reinstated for: nonprescribed analgesics; and sales to the University of Minnesota, state universities, community colleges, technical institutes, state academies, and the University of Minnesota hospitals.

1989 — Sales tax extended to solid waste collection and disposal services, and telephone access charges imposed by hotels.
— Exemption enacted for capital equipment in new or expanding manufacturing facilities (previously at 4%).
— Exemption repealed for motor vehicles leased by local governments and nonprofit organizations.

1991 — Rate temporarily increased from 6% to 6.5%.
— Local option sales tax for counties of 0.5% authorized.
— Isolated or occasional sale exemption restricted for business property.
— Tax extended to private communications services and pet boarding.
— Tax of $7.50 imposed on the rental of a car, van, or pickup truck for less than 29 days.

1992 — Exemption for local governments repealed, except for school districts, hospitals, nursing homes, and certain purchases by libraries.
— Exemptions enacted for: large ships; photovoltaic devices; and wind energy conversion systems.

1993 — June accelerated payment increased to 75%.

1994 — Local option tax of 0.5% repealed; state rate increased by 0.5% to 6.5% (7/1/96).
— Exemptions enacted for: special tooling (previously taxed at 4.5%); horses, other than racehorses; and, for one year only, used farm machinery.
— Rate on replacement capital equipment phased down to 2%.
— Tax on motor vehicle rentals changed from $7.50 to an additional 6.2% on the rental charge.

1995 — Exemptions enacted for racehorses and, for an additional year, used farm machinery.

1996 — Exemption for used farm machinery extended for one year.
— Individual purchases for personal use of $770 or less exempted from use tax.

1997 — Exemptions enacted for replacement capital equipment, previously taxed at a reduced rate (7/1/98) and materials used in providing taxable services (7/1/99).
— Used farm machinery exemption made permanent.
— 3% fee on motor vehicle rentals enacted; business remits excess of 3% fee over motor vehicle registration tax paid.

1998 — Tax on new farm machinery phased out.

1999 — Sales tax rebate of $1.3 billion for individuals equal to 71.55% of estimated sales tax paid for 1997 based on income.
— Exempted television commercials and tangible personal property used to produce them.

2000 — Sales tax rebate of $635.6 million for individuals equal to 29.7% of estimated sales tax paid for 1998 based on income.
— June accelerated payment reduced to 62% (June 2002).

2001 — Sales tax rebate of $791 million for individuals equal to 37% of estimated sales tax paid for 1999 based on income.
— Repealed June accelerated payment (June 2004).
— Tax extended to additional telecommunications services; telecommunications equipment exempted.
— Adopted streamlined sales tax provisions.
— Repealed 2.5% additional tax on liquor and beer and 6.2% additional tax on car rentals (1/1/06).
— Fur clothing exempted from sales tax and made subject to a 6.5% gross receipts tax.

2002 — Removed exemptions for: meals at colleges and universities unless under a board contract; vending machine sales at schools; and certain interstate telephone service.
— Accelerated payment increased from 62% to 75% of June liability for 2002 and 2003.

2003 — June accelerated payment re-enacted at 85% (June 2004).
— Exemption enacted for all purchases made by qualified businesses in a Job Opportunity Building Zone or the Biotechnology and Health Sciences Industry Zone.

2005 — Exemption for drugs and medicines expanded to include all nonprescription drugs.
— Exemption for medical devices modified.
— Cigarettes exempted from the sales tax and made subject to an alternative tax at the wholesale level.
— For motor vehicle leases, sales tax required to be paid upfront on the total lease price.
— Repealed sunset date for the 6.2% tax on car rentals.
— Gross receipts tax of 2.5% imposed on retail sales of liquor and beer, on-sale and off-sale. Replaces additional 2.5% sales tax which expired.
— Natural gas pipelines made subject to tax.
— Enacted exemptions for ready-to-eat meats and seafood, solar energy systems, and construction of several facilities.

2006 — June accelerated payment reduced to 78% (June 2007).
— Exemptions enacted for construction of Twins ballpark and University of Minnesota football stadium.
2008 — Constitutional amendment adopted to increase the tax rate by 0.375% with the proceeds dedicated to four funds.
— June accelerated payment increased to 90% (June 2009).
— Exemptions enacted for: commuter rail vehicles and repair parts; and construction materials for the Central Corridor Light Rail project.
— Fur clothing made subject to the sales tax; separate gross receipts tax repealed.
— Motor vehicle rental fee increased from 3% to 5%.
2011 — Exemption enacted for all purchases by townships.
— Exemption enacted for qualifying equipment and electricity for new and expanded data centers.
2012 — Exemption enacted for construction of Vikings' stadium.
2013 — Exemption enacted for purchases by cities and counties.
— Tax imposed on business purchases of electronic and commercial equipment repair and maintenance services and on warehousing and storage services.
— Exemption for telecommunications equipment repealed.
— Refund requirement for capital equipment exemption repealed (9/1/14).
— Tax imposed on specified digital products.
— Out-of-state retailers required to collect the sales tax if they have an agreement with a Minnesota resident or business to refer customers by a link on a web site.
— Exemption enacted for aircraft parts and labor for general aviation.
— Exemption enacted for all purchases made by qualifying businesses that expand in Greater Minnesota, limited in total to $7 million per year.
— Exemption of construction materials enacted for: a qualifying research facility; an industrial measurement facility; a biopharmaceutical facility; and a destination medical center.
— Rate for the motor vehicle rental tax increased from 6.2% to 9.2%.
2014 — Repealed tax on business purchases of electronic and commercial equipment repair and maintenance services and on warehousing and storage services.
— Exemption for telecommunications equipment reinstated.
— Exemption for local government purchases extended to special districts (1/1/16).
— June accelerated payment reduced from 90% to 81.4%; threshold requirement increased from $120,000 to $250,000 per year (June 2014).
— Repeal of refund requirement for capital equipment exemption delayed (7/1/15).
— Exemption enacted for the purchase of coin-operated entertainment and amusement devices.

MOTOR VEHICLE SALES TAX

Minnesota Statutes, Chapter 297B

Tax Base: Purchase price less value of trade-in vehicle of any motor vehicle required to be registered in Minnesota.

Rate: 6.5%.

Flat taxes in lieu of the 6.5% tax:

Cars at least 10 years old with value under $3,000	$10
Collector vehicles	$150

Credit: Tax paid to other states, under certain conditions.

Major Exemptions: Purchases for resale by dealers; transfers by inheritance; and gratuitous transfers between family members.

Revenue

Collections:	F.Y. 2013	$597,796,000
	F.Y. 2014	$641,044,000

Disposition:

Highway User Tax Distribution Fund	60%
Transit Assistance Fund	40%

Administration

Agency: Minnesota Department of Public Safety

Who Pays: Purchasers of motor vehicles required to be registered in Minnesota.

Number of Taxpayers: Purchasers of 1.2 million vehicles transferred annually

Due Date: When ownership is transferred.

History of Major Changes

1971 — Enacted at a rate of 3%; motor vehicles exempted from general sales tax. Rate increased from 3% to 4% in 1971 special session.
1981 — Rate temporarily increased from 4% to 5%.
1983 — Rate increased to 6%.
— Purchase price reduced by federal excise taxes.
1985 — Enacted a $10 tax on passenger cars at least ten years old in lieu of the 6% tax.
1987 — Exemptions repealed for purchases by state and local governments and nonprofit organizations.
1988 — Flat tax of $90 on collector vehicles enacted in lieu of the 6% tax.

1991 — Rate temporarily increased from 6% to 6.5%
— Local option tax for counties of 0.5% authorized.
1994 — Local option tax of 0.5% repealed; state rate increased by 0.5% to 6.5% (7/1/96).
1997 — Exemption enacted for vehicles donated to a 501(c)(3) organization.
1998 — Exemptions enacted for ready-mix concrete trucks and for township purchases of road maintenance vehicles.
2000 — Expanded exemption for gifts between family members to include any gifts between individuals.
2001 — Extended exemption for transit vehicles to include all vehicles used to provide transit services.
2003 — Exemption enacted for motor vehicles purchased by qualified businesses in a Job Opportunity Building Zone.
2006 — Constitution amended to dedicate all proceeds from the tax for highways and transit, phased in over five years.
2013 — Exemption for sales between individuals limited to certain family members.
— Flat tax on collector vehicles increased from $90 to $150.

MOTOR FUELS EXCISE TAXES

Minnesota Statutes, Chapter 296A and Section 168D

Tax Base: Fuels used in highway vehicles, aircraft, boats, snowmobiles, and all terrain vehicles.

Rates:

Highway Fuels:*

Blend of gasoline and 85% ethanol (E85)	20.25¢ per gallon
All other gasoline	28.50¢ per gallon
Liquefied petroleum gas or propane	21.35¢ per gallon
Liquefied natural gas	17.10¢ per gallon
Compressed natural gas	$2.474 per thousand cubic feet
All other special fuel (diesel)	28.50¢ per gallon

*Includes 3.5¢ per gallon surcharge for gasoline and diesel and proportional surcharge for all other highway fuels.

Aviation Fuels:

Aviation gasoline	5¢ per gallon
Jet fuel	15¢ per gallon

Airline companies that pay the airflight property tax are allowed a refund based on their annual purchases as follows:

Annual Gallons	Rate After Refund
Up to 50,000	5.0¢
50,001 - 150,000	2.0¢
150,001 - 200,000	1.0¢
Over 200,000	0.5¢

Exemption: Transit systems receiving state assistance.

Special Provision: Motor carriers pay the road tax equal to the highway fuels tax for gasoline or special fuel used in Minnesota.

Revenue

Collections:	F.Y. 2013	F.Y. 2014
Highway Fuels	$860,007,000	$878,022,000
Aviation Fuels	$2,608,000	$3,317,000
Total	$862,615,000	$881,339,000

Disposition:

For Highway Fuels:

Highway User Tax Distribution Fund	96.904%
Natural Resources Fund - for boat, snowmobile, all-terrain vehicle, and off-road vehicle usage	2.980%
Special Revenue Fund - for forest road usage	0.116%

For Aviation Fuels, State Airports Fund.

Administration
Agencies: Minnesota Department of Revenue; Minnesota Department of Public Safety administers the motor carrier road tax

Who Pays: In general, distributors collect and remit the tax; in some cases, it is the special fuel dealer or bulk purchaser.

Number of Taxpayers: 413 distributors; 177 special fuel dealers

Payment Dates: 23rd day of month following purchase.

History of Major Changes

1925 — Enacted at 2¢ per gallon on highway fuel.
1929 — Increased to 3¢ per gallon.
1937 — Temporary increase to 4¢ per gallon.
1941 — Rate of 4¢ made permanent.
1945 — Aviation fuel tax enacted at 4¢ per gallon.
1949 — Increased to 5¢ per gallon on highway fuel.
1963 — Increased to 6¢ per gallon.
1967 — Increased to 7¢ per gallon.
1975 — Increased to 9¢ per gallon.
1980 — Increased to 11¢ per gallon.
— Enacted 2¢ per gallon rate reduction for gasohol.
1981 — Increased to 13¢ per gallon.
1983 — Increased to 16¢ per gallon and to 17¢ (1/1/84).
— Rate reduction for gasohol increased to 4¢.
— Enacted 8¢ per gallon rate reduction for gasohol sold to governments and schools.
— Aviation fuel rate increased from 4¢ to 5¢.
1985 — Replaced the reduced rates for gasohol with credits.
— Enacted an annual user permit fee on vehicles using compressed natural gas.
1986 — Reduced the credits for gasohol.
1988 — Increased from 17¢ to 20¢ per gallon.
— Annual permit fees increased, extended to propane.
1991 — Annual permit fees extended to all alternative fuels.
1993 — Alternative fuel permit repealed.
1994 — Alternative fuel permit reenacted.
— Gasohol credit phased out.
1995 — Alternative fuel permit repealed and replaced by differing rates on LPG, LNG, and CNG.
1996 — Gasohol credit for governments and schools phased out.
2008 — Tax on highway gasoline and diesel increased from 20¢ to 25¢ per gallon. Rates for alternative fuels increased.
— Surcharge enacted equal to 0.5¢ per gallon in F.Y. 2009 and increasing each year to 3.5¢ in F.Y. 2013. Proportional surcharge enacted for alternative fuels.
2013 — Tax for jet fuel increased from 5¢ to 15¢ per gallon; repealed refund of a portion of the tax based on volume except for companies paying the airflight property tax (7/1/14).

ALCOHOLIC BEVERAGE TAXES

Minnesota Statutes, Chapter 297G

Tax Base: Distilled spirits, beer, malt beverages, wines, and premixed alcoholic beverages manufactured, imported, sold or possessed in Minnesota.

Rates:

Beer: Alcohol by Weight	Tax per Barrel of 31 Gallons
3.2% or less	$2.40
More than 3.2%	$4.60

	Per Liter	Per Gallon
Distilled Spirits	$1.33	$5.03
Wine: Alcohol by Volume		
14% or less	$.08	$.30
More than 14% to 21%	.25	.95
More than 21% to 24%	.48	1.82
More than 24%	.93	3.52
Sparkling wine	.48	1.82
Cider: 0.5% to 7% alcohol	.04	.15

Credits: Small brewers; microdistilleries.

Exemptions: Wine for sacramental purposes; wine or beer made at home for family use; alcoholic beverages sold to food processors and pharmaceutical firms.

Special Provision: Separate tax on wholesaler of 1¢ for each bottle or container of distilled spirits and wine 200 milliliters and larger.

Revenue

Collections:	F.Y. 2013	F.Y. 2014
Distilled Spirits	$58,728,000	$62,916,000
Beer	$16,609,000	$15,127,000
Wine	$6,471,000	$6,548,000
Total	$81,808,000	$84,591,000

Disposition: State General Fund

Administration
Agency: Minnesota Department of Revenue

Who Pays: For distilled spirits and wine, licensed manufacturers or wholesalers. For beer, brewers, importers, or wholesalers.

Number of Taxpayers: 253 brewers and importers of beer; 170 distributors of wine and distilled spirits

Due Dates: 18th day of the month following the month in which the sale is made. Accelerated payment of 81.4% of June liability due two business days before June 30 for filers having an annual liability of $250,000 or more.

History of Major Changes

1934 — Enacted at rates of: $1 per barrel of 3.2% beer and $2 per barrel of strong beer; 60¢ per gallon of liquor; and 10¢ to 60¢ per gallon for wine.
1937 — Liquor tax increased to $1 per gallon on liquor over 24% alcohol.
1947 — Increased tax rates.
1959 — Beer tax increased to $1.60 per barrel for 3.2% and $3.20 for strong beer.
— Liquor surtax of 15% imposed.
1969 — Additional tax on liquor from 4¢ to 75¢ per gallon depending on alcoholic content.
1971 — Rates increased: distilled spirits from $2.50 to $4.53 per gallon. 3.2% beer from $1.60 to $2 per barrel. Strong beer from $3.20 to $4 per barrel. Wine tax rates increased.
1973 — Distilled spirits tax reduced from $4.53 to $4.39.
— Minnesota brewers' credit enacted.
1979 — Sparkling wine tax reduced from $3.08 to $1.50.
1985 — Minnesota brewers' credit repealed.
— Small brewers' credit enacted.
1986 — Accelerated June payment enacted at 50% of June liability.
1987 — Rates increased: distilled spirits to $5.03 per gallon; all categories of wine; 3.2% beer to $2.40 per barrel and strong beer to $4.60 per barrel.
1989 — Small brewers' credit increased.
1993 — Accelerated June payment increased from 50% to 75%.
1998 — Separate tax of 15¢ per gallon enacted for cider.
2000 — Accelerated June payment repealed (June 2002).
2003 — June accelerated payment re-enacted at 85% (June 2004).
2006 — June accelerated payment reduced to 78% (June 2007).
2008 — June accelerated payment increased to 90% (June 2009).
2013 — Qualification for the small brewers' credit increased from less than 100,000 barrels to less than 250,000 barrels.
2014 — June accelerated payment reduced from 90% to 81.4%; threshold requirement increased from $120,000 to $250,000 per year (June 2014).
— Microdistillery tax credit enacted.

CIGARETTE TAXES

Minnesota Statutes, Chapter 297F

Tax Base: Cigarettes and little cigars sold or used in Minnesota.

Rate: $2.83 per pack of 20 plus the in-lieu sales tax. The $2.83 is indexed annually and is $2.90 for 2015. The in-lieu sales tax rate is determined annually based on 6.875% of the average weighted retail price. The rate of 52.6¢ per pack applies to 2015.

Special Provision: An additional fee of 50¢ per pack is imposed on cigarettes produced by manufacturers that are not part of a settlement agreement with the state.

Revenue

Collections:	F.Y. 2013	F.Y. 2014
Excise Tax	$286,515,000*	$457,572,000
In-Lieu Sales Tax	$80,526,000	$83,297,000
Nonsettlement Fee	$2,881,000	$3,422,000
Floor Stocks Tax	$0	$30,844,000
Total	$369,922,000	$575,135,000

*Includes 75¢ per pack health impact fee which was repealed 7/1/13.

Disposition:

Special Revenue Fund	$26,187,000
State General Fund	Balance of excise tax after payment to Special Revenue Fund In-lieu sales tax Nonsettlement fee

Administration

Agency: Minnesota Department of Revenue

Who Pays: Distributors or wholesalers of cigarettes.

Number of Taxpayers: 45 distributors

Due Dates: 18th day of the month following sale in Minnesota. Accelerated payment of 81.4% of June liability due two business days before June 30 for filers having an annual liability of $250,000 or more.

History of Major Changes

1947 — Enacted at 3¢ per pack.
1949 — Increased to 4¢ per pack.
1959 — Increased to 5.5¢ per pack.
1961 — Increased to 7¢ per pack.
1963 — Increased to 8¢ per pack.
1969 — Increased to 13¢ per pack.
1971 — Increased to 18¢ per pack.
1985 — Increased to 23¢ per pack.
1986 — Accelerated June payment enacted at 50% of June liability.
1987 — Increased to 38¢ per pack.
1991 — Rate increased to 43¢ per pack.
1992 — Rate increased to 48¢ per pack.
1993 — June accelerated payment increased from 50% to 75%.
2000 — Accelerated June payment repealed (June 2002).
2003 — 35¢ per pack fee enacted for cigarettes produced by manufacturers not part of a settlement agreement with the state.
— Eliminated the discount for distributors.
— June accelerated payment re-enacted at 85% of June liability (June 2004).
2005 — Enacted a fee of 75¢ per pack, in addition to the tax of 48¢.
— Cigarettes exempted from sales tax and made subject to an in-lieu tax at the wholesale level. The tax rate is determined annually.
2006 — June accelerated payment reduced to 78% (June 2007).
2008 — June accelerated payment increased to 90% (June 2009).
2013 — Tax increased to $2.83 per pack from total tax and fee of $1.23. Fee of 75¢ per pack eliminated. Tax rate indexed (7/1/14).
— In-lieu sales tax increased from 6.5% to 6.875%.
— Nonsettlement fee increased from 35¢ to 50¢ per pack.
— Little cigars subject to the same tax as cigarettes, including the in-lieu sales tax and the nonsettlement fee, instead of being subject to the tobacco products tax and general sales and use tax.
2014 — June accelerated payment reduced from 90% to 81.4%; threshold requirement increased from $120,000 to $250,000 per year (June 2014).

TOBACCO PRODUCTS TAX

Minnesota Statutes, Chapter 297F

Tax Base: Tobacco products, other than cigarettes and little cigars, sold or used in Minnesota, including cigars, smoking tobacco, and chewing tobacco.

Rate: 95% of wholesale price.

Revenue

Collections:	F.Y. 2013	$53,940,000*
	F.Y. 2014	$78,200,000

*Includes 35% health impact fee which was repealed 7/1/13.

Disposition: State General Fund

Special Provisions: The minimum tax on a container of moist snuff is equal to the tax on a pack of 20 cigarettes. The maximum tax on a premium cigar is $3.50.

Administration

Agency: Minnesota Department of Revenue

Who Pays: Distributors or wholesalers of products received for sale in Minnesota.

Number of Taxpayers: 266 distributors

Due Dates: 18th day of the month following receipt of the product in state. Accelerated payment of 81.4% of June liability due two business days before June 30 for filers having an annual liability of $250,000 or more.

History of Major Changes

1955 — Enacted at rate of 15% of wholesale price.
1959 — Rate increased to 20%.
1985 — Rate increased to 25%.
1986 — Accelerated June payment enacted at 50% of June liability.
1987 — Rate increased to 35%.
1993 — Accelerated June payment increased from 50% to 75%.
2000 — Accelerated June payment repealed (June 2002).
2003 — Eliminated the discount for distributors.
— June accelerated payment re-enacted at 85% of June liability (June 2004).
2005 — Enacted a fee of 35% of wholesale price, in addition to the existing tax of 35% of wholesale price.
2006 — June accelerated payment reduced to 78% (June 2007).

2008 — June accelerated payment increased to 90% (June 2009).
2010 — Electronic cigarettes subject to tax.
2013 — Tax rate increased to 95% of wholesale price from a total tax and fee of 70%. Fee of 35% eliminated.
— Minimum tax on a container of moist snuff made equal to the tax on a pack of 20 cigarettes.
— Premium cigars subject to a maximum tax of $3.50 per cigar.
2014 — June accelerated payment reduced from 90% to 81.4%; threshold requirement increased from $120,000 to $250,000 per year (June 2014).

CONTROLLED SUBSTANCES TAX

Minnesota Statutes, Chapter 297D

Tax Base: Marijuana or controlled substance, as defined, that is held, possessed, transported, transferred, sold, or offered to be sold in violation of Minnesota laws.

Rates:

Marijuana	$3.50 per gram
Controlled substance	$200 per gram
Controlled substance not sold by weight	$400 on each ten dosage units

Credit: Tax paid to another state or local government.

Revenue

Collections:	F.Y. 2013	$0
	F.Y. 2014	$1,000

Disposition: State General Fund

Administration

Agency: Minnesota Department of Revenue

Who Pays: A person who manufactures, produces, ships, transports, or imports into Minnesota or possesses marijuana or a controlled substance.

Due Dates: Immediately upon acquisition in Minnesota.

History of Major Changes

1986 — Enacted.
1988 — Tax on dosage units not sold by weight changed.
1989 — Credit enacted for tax paid to another state.

MORTGAGE REGISTRY TAX

Minnesota Statutes, Chapter 287

Tax Base: Principal debt which is secured by a mortgage of real property in the state.

Rate: 0.23% of principal debt.

Exemptions: Certain agricultural loans and government housing programs.

Revenue

Collections:	F.Y. 2013	$139,928,000
(state portion)	F.Y. 2014	$93,404,000

Disposition:

State General Fund	97%
County Revenue Fund	3%

Administration

Agency: County treasurer

Who Pays: The mortgagor (borrower) is liable for the tax. The mortgagee (lender) may collect and remit the tax on behalf of the mortgagor.

Due Date: At or before the time of filing the mortgage for record or registration. Counties remit state portion to the state by the 20th of the following month. Accelerated payment of June receipts due two business days before June 30th.

History of Major Changes

1907 — Enacted at 50¢ per $100 of principal debt.
1913 — Changed to 15¢ per $100 if mortgage is for 5 years or less; 25¢ for more than 5 years.
1945 — Changed to 15¢ per $100 on any mortgage.
1987 — Rate increased to 23¢ for each $100 of debt.
1991 — Reverse mortgages subject to tax.
2001 — Changed liability for the tax from the mortgagee to the mortgagor.
— Removed exemption for fraternal benefit societies.
— Exempted certain agricultural loans and government housing programs.
— Tax rate restated as a decimal.
2003 — Counties required to accelerate remittance to the state of tax collected in June (June 2004).

DEED TRANSFER TAX

Minnesota Statutes, Chapter 287

Tax Base: Transfer of real estate by any deed or instrument.

Rates: If consideration is more than $500, 0.33% of consideration; $1.65 for consideration of $500 or less.

Major Exemptions: Executory contracts for the sale of land; mortgages; wills; plats; leases; cemetery lot deeds; deeds of distribution by personal representatives; transfers between co-owners partitioning undivided interest in the same piece of property; and transfers between the parties pursuant to a decree of marriage dissolution.

Revenue

Collections:	F.Y. 2013	$75,561,000
(state portion)	F.Y. 2014	$87,132,000

Disposition:

State General Fund	97%
County Revenue Fund	3%

Administration

Agency: County treasurer

Who Pays: Any person who grants, assigns, transfers, or conveys real estate.

Due Date: At the time of transfer. Counties remit state portion to the state by the 20th of the following month. Accelerated payment of June receipts due two business days before June 30th.

History of Major Changes

1961 — Enacted at $1.10 for first $1,000 of consideration and 55¢ for each additional $500.
1967 — Increased to $2.20 for first $1,000 and $1.10 for each additional $500.
1973 — Corporations made subject to tax.
1987 — Rate increased to $1.65 for $500 or less and $1.65 for each additional $500.
— Extended tax to personal property transferred as part of total consideration.
— Eliminated exemption for state and local governments.
2001 — Tax rate restated as a decimal.
2003 — Counties required to accelerate remittance to the state of tax collected in June (June 2004).

GAMBLING TAXES

BINGO, RAFFLE, AND PADDLEWHEEL TAX

Minnesota Statutes, Chapter 297E

Tax Base: Gross receipts less prizes paid from bingo (other than electronic linked bingo), raffles, and paddlewheels.

Rate: 8.5%

Exemptions: Lawful gambling if conducted by an organization on no more than five days per year and prizes do not exceed $50,000 per year; bingo at fairs and civic celebrations.

Revenue

Collections:	F.Y. 2013	$1,988,000
	F.Y. 2014	$2,192,000

Disposition: State General Fund

Administration

Agency: Minnesota Department of Revenue

Who Pays: Licensed fraternal, religious, veterans, and other nonprofit organizations.

Number of Taxpayers: 874 organizations

Due Date: 20th of the following month.

History of Major Changes

1984 — Tax on all lawful gambling enacted at rate of 10%.
1986 — Pull-tabs exempted, separate pull-tab tax imposed.
1988 — Tipboards exempted; made subject to the same tax as pull-tabs.
1998 — Rate reduced from 10% to 9.5%.
1999 — Rate reduced to 9%.
2000 — Rate reduced to 8.5%.

COMBINED NET RECEIPTS TAX

Minnesota Statutes, Chapter 297E

Tax Base: Net receipts after prizes from pull-tabs, tipboards, and electronic linked bingo.

Graduated Rate Schedule:

Fiscal Year Receipts	Tax Rate
First $87,500	9%
$87,501 - $122,500	18%
$122,501 - $157,500	27%
Over $157,500	36%

Exemption: Lawful gambling if conducted by an organization on no more than five days per year and prizes do not exceed $50,000 per year.

Revenue

Collections:	F.Y. 2013	$35,007,000
	F.Y. 2014	$41,065,000

Disposition: State General Fund

Administration

Agency: Minnesota Department of Revenue

Who Pays: Licensed fraternal, religious, veterans, and other nonprofit organizations.

Number of Taxpayers: 1,190 organizations

Due Date: 20th day of the following month.

History of Major Changes

1989 — Enacted, with rates of 2%, 4%, and 6%.
1998 — Rates reduced to 1.9%, 3.8% and 5.7%.
1999 — Rates reduced to 1.8%, 3.6%, and 5.4%.
2000 — Rates reduced to 1.7%, 3.4%, and 5.1%.
2012 — Electronic pull-tabs and electronic linked bingo authorized.
— Distributor tax on pull-tabs and tipboards repealed.
— Combined gross receipts tax on pull-tabs and tipboards replaced by combined net receipts tax on pull-tabs, tipboards, and electronic linked bingo.

PARI-MUTUEL TAXES

Minnesota Statutes, Sections 240.13 and 240.15

Tax Base: Total amount bet in pari-mutuel horse racing pools at a licensed racetrack. The races are run either at the racetrack or at another location and televised at the racetrack (simulcast).

Rates and Disposition:

State General Fund: 6% of the takeout in excess of $12 million annually. The takeout is 17% for straight pools; 23% for multiple pools.

Minnesota Breeder's Fund: 1% of the total amount bet on live racing; 5.5% of the takeout from full-card simulcasting.

Revenue

Collections:	F.Y. 2013	$566,000
	F.Y. 2014	$585,000

Administration

Agency: Minnesota Racing Commission

Who Pays: A licensed racetrack.

Number of Taxpayers: Two racetracks

Due Date: Within seven days of date that the tax was collected.

History of Major Changes

1982 — Minnesota Constitution amended to allow pari-mutuel betting on horse races.
1983 — Tax enacted.
1988 — Changes made to the tax base and rates.
1989 — Pari-mutuel betting allowed on out-of-state horse races televised at a licensed racetrack.
1996 — One-year exemption of first $12 million of the takeout.
1998 — Exemption of first $12 million of the takeout made permanent.

SPORTS BOOKMAKING TAX

Minnesota Statutes, Section 297E.03

Tax Base: Value of all bets received by a person engaged in sports bookmaking. Sports bookmaking (a felony) is defined in the criminal code as intentionally receiving, recording, or forwarding more than 5 bets within a 30-day period that total more than $2,500 on any one or more sporting events.

Rate: 6%

Revenue

Collections:	F.Y. 2013	$0
	F.Y. 2014	$0

Disposition: State General Fund

Administration

Agency: Minnesota Department of Revenue

Who Pays: Persons engaged in receiving, recording, forwarding or accepting sports bookmaking bets.

Due Dates: 20th day of the month following sports bookmaking activity.

History of Major Changes

1993 — Enacted.

GROSS EARNINGS TAXES

INSURANCE PREMIUMS TAXES

Minnesota Statutes, Chapter 297I

Tax Base: Gross premiums less return premiums received on all business in Minnesota.

Rates:

1.5% — Life insurance
1.26% — Mutual property and casualty companies with assets between $5 million and $1.6 billion as of 12/31/89.
1.0% — Mutual property and casualty companies with assets less than $5 million; town and farmers' mutual companies.
1.0% — Health maintenance organizations (HMOs) and nonprofit health service plan corporations.
3.0% — Surplus line agents.
2.0% — All other insurance.
0.5% — Fire safety surcharge on homeowners' insurance, commercial fire, and commercial nonliability insurance.
2.0% — Surcharge on fire premiums for property located in cities of the first class.

Special Provision: Companies incorporated in another state or country are subject to retaliatory tax provisions.

Major Exemption: Fraternal benefit societies.

Credits: Guarantee association assessments; historic structure rehabilitation credit.

Revenue

Collections:	F.Y. 2013	$415,906,000
	F.Y. 2014	$434,350,000

Disposition:
- Health Care Access Fund – taxes paid by HMOs and nonprofit health service plan corporations.
- Special Revenue Fund – proceeds from the fire safety surcharge.
- State General Fund – all other insurance taxes.

Administration

Agency: Minnesota Department of Revenue

Who Pays: Insurance companies doing business in Minnesota.

Number of Taxpayers: 1,750 companies

Due Dates: Most companies make estimated payments on the 15th of March, June, September, and December. Annual return due March 1 of the following year.

History of Major Changes

1868 — 2% gross premiums tax imposed on foreign companies.
1872 — 2% tax extended to domestic companies.
1895 — Retaliatory tax provisions adopted.
1913 — Fire marshal tax of 0.375% adopted.
1934 — 2% surcharge on fire premiums enacted.
1937 — Fire marshal tax increased to 0.5%.
1953 — 5% ocean marine profits tax enacted.
1987 — Exemptions removed for domestic mutual insurance companies, cooperative life and casualty companies, and premiums paid to Workers' Compensation Reinsurance Association.
— Eliminated the credit for payments to the Minnesota Comprehensive Health Association.
1988 — Tax rate for certain mutual property and casualty insurance companies phased down to 0.5%.
1992 — Ocean marine profits tax repealed and replaced by 2% premiums tax.
— Nonprofit health service plan corporations and HMOs subject to 1% premiums tax, beginning in 1996.
1994 — Credit enacted for guaranty association assessments.
1995 — Rate increased from 0.5% to: 1.26% for mutual property and casualty companies with assets between $5 million and $1.6 billion; and 1.0% for town and farmers' mutual companies and for mutual property and casualty companies with less than $5 million in assets.
1997 — Temporary exemption enacted for HMOs and nonprofit health service plan corporations that meet specified cost containment goals; exemption extended to after 1999 unless a deficit is forecast for the Health Care Access Fund.
2000 — HMOs and nonprofit health service plan corporations exempted for calendar years 2001 and 2002.
2001 — HMOs and nonprofit health service plan corporations exempted for calendar year 2003.
2003 — Exemptions eliminated for premiums paid under medical assistance, general assistance medical care, and MinnesotaCare.
2005 — For life insurance, reduced the tax rate from 2% to 1.5% over four years, from 2006 to 2009.
— Imposed premiums tax on stop-loss insurance.
2006 — Repealed 0.5% fire marshal tax on fire premiums; enacted 0.65% fire safety surcharge on homeowners', commercial fire, and commercial nonliability insurance (7/1/07).
2010 — Historic structure rehabilitation credit enacted.
2012 — Fire safety surcharge reduced from 0.65% to 0.5% (7/1/13).
2013 — Historic structure rehabilitation credit extended for six years.

HEALTH CARE PROVIDER SURCHARGES

Minnesota Statutes, Sections 256.9657 and 256B.19

Tax Base and Rates:
Licensed nursing homes: $2,815 per licensed bed.
Hospitals: 1.56% of net patient revenues, excluding Medicare. In addition, monthly payment of $566,000 is made by Hennepin County Medical Center.
Health maintenance organizations and community integrated service networks: 0.6% of total premium revenues.
Intermediate care facilities: $3,679 per licensed bed.

Revenue

Collections:	F.Y. 2013	$255,426,000
	F.Y. 2014	$294,346,000

Disposition: State General Fund

Administration
Agency: Minnesota Department of Human Services

Who Pays: Nursing homes, hospitals, health maintenance organizations, community integrated service networks, and intermediate care facilities.

Number of Taxpayers: 366 nursing homes; 131 hospitals; 9 health maintenance organizations; 189 intermediate care facilities

Due Dates: 15th of the following month.

History of Major Changes:

1991 — Enacted, on hospitals and nursing homes.
1992 — Tax base and rates changed. Additional surcharge of 2% for county hospitals in Hennepin and Ramsey Counties.
— Surcharge extended to physicians and health maintenance organizations.
1993 — Rates increased for nursing homes and hospitals.
— Additional surcharge for Ramsey County deleted.
— Surcharges for the University of Minnesota and county nursing homes enacted.
1997 — Physician surcharge repealed.
2001 — Surcharges changed for Hennepin County Medical Center and University of Minnesota.
2002 — Surcharges for nursing homes increased.
2003 — Surcharges for nursing homes increased.
— Surcharge enacted for intermediate care facilities.
2005 — Surcharge reduced for Hennepin County Medical Center and eliminated for University of Minnesota Hospital.
2008 — Surcharge for county nursing homes reduced.
2009 — Additional surcharge for county nursing homes repealed.
2013 — Surcharge for intermediate care facilities increased.

MINNESOTACARE TAX ON HEALTH CARE PROVIDERS, HOSPITALS, AND SURGICAL CENTERS

Minnesota Statutes, Chapter 295

Tax Base: Gross revenues for patient services.

Rate: 2%

Major Exemptions: Payments from Medicare; payments received from hospitals, surgical centers, and health care providers subject to MinnesotaCare taxes; home health care and hospice services.

Credits: Tax paid to another state; research credit.

Revenue Collections:	Providers	Hospitals and Surgical Centers
F.Y. 2013	$208,525,000	$204,976,000
F.Y. 2014	$213,737,000	$209,199,000

Disposition: Health Care Access Fund

Administration
Agency: Minnesota Department of Revenue

Who Pays: Hospitals and surgical centers; health care providers that furnish directly to a patient or consumer medical, surgical, optical, visual, dental, hearing, nursing services, drugs, laboratory, diagnostic or therapeutic services. Nursing homes and pharmacies are not included.

Number of Taxpayers: 7,814 providers; 174 hospitals and surgical centers

Due Dates: For providers, quarterly estimated tax payments on the 15th of April, July, October, and the following January. For hospitals and surgical centers, monthly estimated tax payments on the 15th of the following month. Annual return - March 15.

History of Major Changes

1992 — Enacted, effective 1/1/93 for hospitals and 1/1/94 for providers at rate of 2%.
1997 — Rate reduced from 2% to 1.5% for 1998 and 1999 and extended to 2000 and 2001 if estimated positive balance for the Health Care Access Fund.
— Medical supplies, appliances, and equipment exempted.
— Research deduction sunsetted after 1999.
— Research credit enacted, effective in 2000.
1999 — Rate reduced to 1.5% for 2000 and 2001.
— Exempted K-12 schools, services to nursing homes, and exams for insurance, litigation, and employment.
2000 — Exempted payments under Federal Employees Health Benefit Act.
2001 — Rate reduced to 1.5% for 2002 and 2003.
2003 — Exemptions eliminated for gross receipts paid under medical assistance, general assistance medical care, and MinnesotaCare.
2005 — Exempted TRICARE program payments.

MINNESOTACARE TAX ON WHOLESALE DRUG DISTRIBUTORS

Minnesota Statutes, Chapter 295

Tax Base: Gross revenues from the sale or distribution of prescription drugs that are delivered in Minnesota.

Rate: 2%

Credit: Tax paid to another state.

Revenue Collections:		
	F.Y. 2013	$100,275,000
	F.Y. 2014	$102,383,000

Disposition: Health Care Access Fund

Administration
Agency: Minnesota Department of Revenue

Who Pays: Wholesale drug distributors or other persons who receive prescription drugs for resale or use in Minnesota.

Number of Taxpayers: 165 distributors

Due Dates: Quarterly estimated payments - the 15th of April, July, October, and the following January. Annual return - March 15.

History of Major Changes

1992 — Enacted, effective 1/1/94, at rate of 2%.
1997 — Rate reduced from 2% to 1.5% for 1998 and 1999 and extended to 2000 and 2001 if estimated positive balance for the Health Care Access Fund.
1999 — Rate reduced to 1.5% for 2000 and 2001.
2001 — Rate reduced to 1.5% for 2002 and 2003.

SEVERANCE AND TONNAGE TAXES
MINERAL TAXATION

Other taxes on minerals, including the production tax, are found in the Local Tax Section.

OCCUPATION TAX
Minnesota Statutes, Section 298.01

Tax Base: Similar to the corporate franchise tax but starting point is the mine value of iron ore, taconite concentrates, other ores, or direct reduced ore mined or produced in Minnesota. Deductions allowed only for expenses necessary to convert raw iron ore, taconite concentrates, or other ore to marketable quality.

Rate: 2.45%

Special Provisions: Generally, all income is apportioned to Minnesota. Percentage depletion is allowed.

Revenue

Collections:	F.Y. 2013	$19,883,000
	F.Y. 2014	$13,631,000

Disposition:

State General Fund	50%*
Elementary and secondary schools	40%
University of Minnesota	10%

*Of this amount, an amount equal to 1.5¢ per taxable ton is dedicated for environmental or economic development loans or grants in Carlton and Koochiching counties, 2.5¢ per taxable ton is dedicated to the Mining Environmental and Regulatory Account, and an amount equal to 6¢ per taxable ton is dedicated to the Iron Range School Consolidation and Cooperatively Operated School Account.

Administration
Agency: Minnesota Department of Revenue

Who Pays: Iron ore and taconite mining companies operating in this state.

Number of Taxpayers: Six companies

Payment Date: May 1 for the previous year.

History of Major Changes

1921 — 6% occupation tax imposed on iron ore.
1937 — Rate increased to 10%; reduced to 8% for subsequent years.
1941 — Labor credit enacted, reducing the rate.
1947 — Rate increased to 11%; with credits rate reduced to minimum 3.75%.
1955 — 15% surtax added.
1959 — Additional 1% tax imposed.
1964 — Taconite Amendment to the Minnesota Constitution adopted, which restricted the total amount of occupation, royalty, and excise taxes paid by taconite companies. It expired at the end of 1989.
1971 — Occupation tax on taconite 15%, after credits 6.75%. Occupation tax on iron ore 15.5%, after credits 14%.
1984 — Reduced rate to 15% for natural iron ores.
1985 — Reduced rate on taconite and iron ore to 14% by 1987.
1987 — On ores other than taconite and iron ore, tax changed to be same as the corporate franchise tax. Beginning in 1990, tax on taconite and iron ore changed in a similar manner.
1989 — Tax based on the valuation of the ore. Allowed deductions specified.
1991 — Credit allowed for alternative minimum tax paid in a prior year.
1995 — Tax imposed on direct reduced ore.
1999 — Sales factor in the apportionment formula increased from 70% to 75%; property and payroll factors each reduced from 15% to 12.5% (1/1/01).
2006 — Definition of the sales factor for apportionment changed so that all sales are deemed Minnesota sales, thereby making 100% of net income assignable to Minnesota. Tax rate correspondingly reduced from 9.8% to 2.45%.
— Alternative minimum tax repealed. Carryover of unused alternative minimum tax credit allowed.

NET PROCEEDS TAX

Minnesota Statutes, Section 298.015

Tax Base: Net proceeds from mining or extracting mineral and energy resources in Minnesota.

Rate: 2%

Exemptions: Sand, silica sand, gravel, building stone, crushed rock, limestone, granite, dimension granite, dimension stone, horticultural peat, clay, soil, iron ore, and taconite concentrates.

Revenue
Collections: No revenues have been collected to date.

Disposition: (based on where resources are mined)
Outside the taconite assistance area – State General Fund
Within the taconite assistance area:

City/town where mined/extracted	5%
Taconite municipal aid account	10%
School district where mined/extracted	10%
Qualifying group of school districts	20%
County where mined/extracted	20%
Distributed as taconite homestead credit	20%
Iron Range Resources/Rehabilitation Agency	5%
Douglas J. Johnson Economic Protection Trust Fund	3%
Taconite Environmental Protection Fund	7%

Administration
Agency: Minnesota Department of Revenue

Who Pays: Companies that mine or extract base metal, precious metals, or energy minerals.

Number of Taxpayers: None

Payment Date: June 15 for the previous calendar year.

History of Major Changes
1987 — Enacted.
1990 — Clay exempted from the tax.

PROPERTY TAXES AND TAXES IN LIEU OF PROPERTY TAXES

STATE GENERAL PROPERTY TAX

Minnesota Statutes, Section 275.025

Tax Base: Net tax capacity of commercial-industrial, public utility, railroad, mineral, and seasonal recreational property. Net tax capacity is the estimated market value multiplied by the net class rate (page 55). For seasonal recreational property, the class rate for the first $76,000 of market value is 0.4% rather than 1%.

Rate: Tax rate is determined annually to equal the mandated levy. The levy was $592 million for 2002 and for subsequent years is increased by the rate of increase in the implicit price deflator for state and local government consumption expenditures and gross investment. Of the total amount, 95% is levied on commercial-industrial property and 5% on seasonal residential recreational property. For taxes payable in 2015, the rate is 50.84% for commercial-industrial property and 21.7% for seasonal residential recreational property.

Exemption: Electric generating public utility machinery.

Revenue

Collections:	F.Y. 2013	$811,388,000
	F.Y. 2014	$835,554,000

Disposition: State General Fund

Administration
Agencies: Minnesota Department of Revenue determines tax rates. Counties collect and remit tax to the state.

Who Pays: Owners of commercial-industrial, public utility, railroad, mineral, and seasonal recreational property.

Number of Taxpayers: 323,000 parcels

Due Dates: 50% on May 15th and 50% on October 15th.

History of Major Changes
2001 — Enacted, effective with taxes payable in 2002.
2003 — Exemption enacted for improvements to commercial, industrial, and utility property of qualified businesses in a Job Opportunity Building Zone or the Biotechnology and Health Sciences Industry Zone.
2005 — Total tax divided between commercial-industrial property (95%) and seasonal residential recreational property (5%).

MOTOR VEHICLE REGISTRATION TAX

Minnesota Statutes, Chapter 168

Tax Base: Motor vehicles using the public streets and highways.

For passenger cars, pickup trucks, and vans, the tax base is base value, which is the manufacturer's suggested retail price, including destination charges but excluding separately-stated options. The percentage of base value depends upon the age of the vehicle: 100% in the 1st year, declining by ten percentage points each year until it reaches 10% in the 10th year.

For trucks, tractors, trailers, and buses, the tax base is weight by type of vehicle.

Rates:
Passenger cars, pickup trucks, and vans: $10 plus 1.25% of base value. Flat tax for vehicles over ten years old and minimum tax for all vehicles is $35.

Trucks, tractors, trailers, and buses: based on the type, weight, and age of the vehicle and subject to a minimum tax.

Major Exemptions: Vehicles owned by governmental units; school buses; fire apparatus and ambulances.

Revenue

Collections	F.Y. 2013	$622,540,000
	F.Y. 2014	$652,282,000

Disposition: Highway User Tax Distribution Fund

Administration
Agency: Minnesota Department of Public Safety

Who Pays: Person who registers a motor vehicle in the state.

Number of Taxpayers: Owners of 4,700,000 passenger cars, pickup trucks, and vans; 850,000 trucks, tractors, trailers, and buses

Due Dates: When first registered to use the public roads and annually thereafter upon renewal.

History of Major Changes

1911 — Enacted at $1.50 per vehicle.
1921 — Rates based on value and weight of vehicle.
1941 — Passenger cars taxed at 2.2% of value.
1949 — Vehicles reclassified and rate schedules revised.
1955 — Rates increased by 5%.
1965 — Rate schedule modified.
1971 — Tax set on passenger vehicles at $10 plus 1.25% of base value.
1973 — Tax rates changed for trucks.
1976 — Minimum tax on trucks, tractors, and combinations increased.
1989 — Depreciation schedule modified for passenger cars, pickup trucks, and vans.
2000 — Tax on passenger cars, pickup trucks, and vans limited to $189 for the 1st renewal period and $99 for subsequent renewal periods.
2008 — For passenger cars, pickup trucks and vans, the percentage used for depreciation modified and the maximum taxes of $189 and $99 eliminated. Safe harbor rules enacted for currently-owned vehicles.

AIRFLIGHT PROPERTY TAX

Minnesota Statutes, Sections 270.071 - 270.078

Tax Base: Flight property of airline companies engaging in air commerce.

Rates: Tax rate is determined annually to yield the property tax portion of the State Airports Fund. Rate for taxes payable in 2014 is approximately 1.77%.

Exemption: Commuter airlines electing to be taxed under the aircraft registration tax.

Computation:

	Value of airflight property, as determined by the Minnesota Department of Revenue
times:	Apportionment factor - average of the three factors of tonnage of passengers and freight, equated plane hours, and revenue ton miles
equals:	Minnesota value
times:	tax capacity rate of 40%
equals:	tax capacity
times:	tax rate of about 1.77% for taxes paid in 2014
equals:	airflight property tax

Revenue

Collections:	F.Y. 2013	$12,017,000
	F.Y. 2014	$9,208,000

Disposition: State Airports Fund

Administration

Agencies: Minnesota Department of Revenue

Who Pays: All airline companies engaging in air commerce in Minnesota.

Number of Taxpayers: 32 companies

Due Date: April 1 for the previous year.

History of Major Changes

1945 — Enacted, assessed at 40% of value.
1953 — Changed to 33 1/3% valuation.
1976 — Exempted aircraft weighing less than 30,000 lbs.
1987 — Schedule of ratios replaced 33 1/3% ratio.
— Revenue yield specified by statute rather than the statewide average property tax mill rate.
1992 — Revenue yield changed to property tax portion of the state airports fund.

AIRCRAFT REGISTRATION TAX

Minnesota Statutes, Sections 360.511 - 360.67

Tax Base: Base price of noncommercial aircraft which regularly use the airspace over or the airports in Minnesota.

Rate:

Base Price			Tax
Not over		$500,000	$100
$500,001	-	$1,000,000	$200
$1,000,001	-	$2,500,000	$2,000
$2,500,001	-	$5,000,000	$4,000
$5,000,001	-	$7,500,000	$7,500
$7,500,001	-	$10,000,000	$10,000
$10,000,001	-	$12,500,000	$12,500
$12,500,001	-	$15,000,000	$15,000
$15,000,001	-	$17,500,000	$17,500
$17,500,001	-	$20,000,000	$20,000
$20,000,001	-	$22,500,000	$22,500
$22,500,001	-	$25,000,000	$25,000
$25,000,001	-	$27,500,000	$27,500
$27,500,001	-	$30,000,000	$30,000
$30,000,001	-	$40,000,000	$50,000
Over		$40,000,000	$75,000

Exemptions: Civil air patrol and government-owned aircraft.

Revenue

Collections:	F.Y. 2013	$8,704,000
	F.Y. 2014	$3,358,000

Disposition: State Airports Fund

Administration

Agency: Minnesota Department of Transportation

Who Pays: Any person who registers noncommercial aircraft in Minnesota.

Number of Taxpayers: Owners of 4,010 aircraft

Due Dates: When the aircraft is first registered and annually thereafter on July 1.

History of Major Changes

1945 — Enacted.
1957 — Exempted civil air patrol.
1987 — Minimum tax increased from $10 to $50.
1999 — Tax on agricultural aircraft limited to $500.
2013 — Structure of the tax changed from 1% of base price, reduced for depreciation after the first year and subject to a minimum tax, to a tax schedule by range of base price.

RURAL ELECTRIC COOPERATIVE ASSOCIATIONS
Minnesota Statutes, Section 273.41

Tax Base: Number of members in a rural electric cooperative association. The tax is in lieu of all personal property taxes on distribution lines and their attachments and appurtenances.

Rate: $10 for each 100 members or portion thereof.

Revenue:

Collections:	F.Y. 2013	$50,000
	F.Y. 2014	$51,000

Disposition: State General Fund

Administration:
Agency: Minnesota Department of Revenue

Who Pays: Rural electric cooperative associations

Number of Taxpayers: 45 cooperatives

Due Date: March 1 for the previous calendar year.

History of Major Changes
1939 — Enacted.

WASTE TAXES

SOLID WASTE MANAGEMENT TAXES
Minnesota Statutes, Chapter 297H

Tax Base: For mixed municipal solid waste, the tax base is the sales price of waste management services. For non-mixed-municipal waste, including industrial, infectious, and pathological waste and construction debris, the tax base is the volume of waste or debris.

Rates:
Residential services: 9.75%.
Commercial services and self-haulers: 17%.
Non-mixed-municipal solid waste: 60¢ per noncompacted cubic yard of periodic waste collection capacity. Rates based on weight may apply to construction debris and infectious and pathological waste.

Revenue

Collections:	F.Y. 2013	$70,475,000
	F.Y. 2014	$72,575,000

Disposition:

Environmental Fund	70% of revenues or $33.76 million, whichever is greater
General Fund	Remainder

Administration
Agency: Minnesota Department of Revenue

Who Pays: Purchasers of waste collection services. Providers of waste collection services collect and remit the tax.

Number of Taxpayers: 1,050 filers

Due Dates: Same as the state sales tax.

History of Major Changes
1989 — Sales tax imposed on solid waste collection and disposal services.
1993 — Enacted tax on mixed municipal solid waste at $2 per year for residential customers and 12¢ per noncompacted cubic yard for nonresidential customers.
1994 — Rate for nonresidential customers increased from 12¢ to 60¢ per noncompacted cubic yard.
— Extended to infectious, pathological, and industrial waste and construction debris.
1997 — Solid waste generator assessments and the sales tax on mixed municipal solid waste repealed and replaced by the solid waste management tax.
2001 — Use tax imposed.

METROPOLITAN SOLID WASTE LANDFILL FEE

Minnesota Statutes, Section 473.843

Tax Base: Volume of solid waste disposed at a solid waste disposal facility in the seven-county metropolitan area.

Rate:
If the facility weighs the waste it accepts: $6.66 per ton.
Otherwise: $2 per cubic yard.

Exemption: Waste residue from recycling or energy and resource recovery facilities at which solid waste is processed to extract, reduce, convert to energy, or otherwise separate and prepare it for reuse if at least 85% (by weight) of the solid waste is reduced.

Revenue

Collections:	F.Y. 2013	$3,238,000
	F.Y. 2014	$3,361,000

Disposition:

Environmental Fund	75%
Remediation Fund	25%

Administration
Agency: Minnesota Department of Revenue

Who Pays: Operators of mixed municipal solid waste disposal facilities in Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington counties.

Number of Taxpayers: Two facilities

Due Date: 20th day of the month for the previous month.

History of Major Changes
1984 — Enacted.
1989 — Rate increased from 50¢ to $2 per cubic yard.
1994 — Differential rate enacted for facility that weighs the waste it accepts.

LOCAL TAXES

PROPERTY TAXES AND TAXES IN LIEU OF PROPERTY TAXES

GENERAL PROPERTY TAX

Minnesota Statutes, Chapters 272-276

Tax Base: Net tax capacity or referendum market value of real and personal property.

Rates: Local tax rates vary with taxing jurisdiction.

Major Exemptions:
Real property: public property used for public purposes; educational facilities; religious and charitable institutions; Indian lands; cemeteries; attached machinery.
Personal property: household goods; commercial and industrial personal property; farm machinery and livestock.

Computation for tax based on net tax capacity:

	Market value — determined by county assessor, except for state-assessed property
minus:	exclusions including: — homestead market value — Job Opportunity Building Zone property — disabled veterans' homestead
equals:	taxable market value
times:	class rate(s) — determined by type of property, as listed in the table on next page
equals:	net tax capacity
times:	local tax rate — aggregate of county, city or town, school district, and any special taxing districts
equals:	gross tax
minus:	credits, in the following order: — disaster credit — powerline credit — agricultural preserves credit — enterprise zone credit — disparity reduction credit — conservation tax credit — agricultural homestead credit — taconite homestead credit — supplemental homestead credit
equals:	net tax

Class Rates for Major Classes of Property for 2015

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 $1,900,000 MV	0.5% [a]
	Over $1,900,000 MV	1.0% [a]
	Nonhomestead 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 $150,000 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 nonhomestead, 2-3 units; manufactured homes	1.25%
4bb	Residential or farm nonhomestead, 1 unit – same as Class 1a	
4c	Commercial seasonal recreational residential – same as Class 1a[b]	
	Nonprofit community service organization	1.5%
	Post-secondary student housing	1.0% [a]
	Manufactured home parks	1.25%
	Noncommercial seasonal recreational residential – same as Class 1a[a, b]	
	Qualifying marinas – same as Class 1a	
	Qualifying golf courses	1.25%
4d	Low-income rental housing	
	First $100,000 MV per unit	0.75%
	Over $100,000 MV per unit	0.25%
5	Unmined iron ore and low-grade iron ore	2.0% [b]
	All other property	2.0%

[a] Exempt from school district referendum levies.
[b] Subject to state general property tax, except for electric generating public utility machinery.

Targeting: A refund may be claimed by homeowners whose net property tax increases by more than 12% from the previous year, with a maximum refund of $1,000. The targeting refund is paid by the state to the claimant.

Property Tax Refund: A "circuit breaker" type of tax relief, determined by the relationship of property tax (or 17% of rent) to total household income. Separate formulas apply to homeowners and renters. Maximum refund for 2014 is $2,620 for homeowners and $2,030 for renters. Total household income from all sources cannot exceed $107,150 for homeowners and $58,060 for renters. Maximums and formula thresholds indexed for inflation. The refund is paid by the state to the claimant.

Revenue

Collections*:	Year Payable	
	2013	$7,666,895,000
	2014	$7,796,727,000

*Before property tax refund and targeting.

Disposition: Revenue is distributed by county auditors and treasurers to the county, municipalities, school districts, and other taxing authorities according to the amount each levies.

Administration
Agencies: County assessor, county auditor, county treasurer. Minnesota Department of Revenue: equalization of values and valuation of state-assessed properties.

Who Pays: Owners of property not specifically exempt.

Due Dates: First half of real estate tax is due May 15th. Second half of real estate tax is due October 15th (November 15th for owners of agricultural property).

History of Major Changes
1860 — State Board of Equalization created to reduce inequities of assessment.
1913 — Classification system enacted, with four classes of property.
1933 — Property classes increased from four to seven.
1934 — Constitutional amendment authorized the limited exemption of household goods and farm machinery.
1937 — First $4,000 of homesteads exempted for state tax.
— Additional classes of property defined.
1945 — Airflight property tax enacted.
1961 — Indian lands exempted from taxation.

1967 — Homestead credit enacted at 35% of gross tax with a maximum credit of $250.
— Senior citizen property tax credit enacted.
— State property tax levy eliminated.
— Livestock and agricultural machinery exempted.
— Manufacturers given option to exempt either tools and machinery or inventories.
— Adoption of county assessor system.
— Minnesota Agricultural Property Tax Law enacted.
— Farm homestead increased from 40 to 80 acres.

1969 — Taconite homestead credit enacted.
— Minnesota Open Space Property Tax law enacted.

1971 — Overall levy limitation laws enacted for school districts, counties, and municipalities.
— Business inventories and tools and machinery exempted.
— Mobile homes taxed as personal property.
— Fiscal disparities enacted for seven-county metropolitan area.

1973 — Senior citizen property tax freeze credit enacted.
— Increase in market value for residential property limited to 5% per year.
— Manufacturing and business machinery considered real property (attached machinery) exempted.

1974 — Homestead credit increased to 45% of gross tax with a maximum credit of $325.
— Farm homestead increased from 80 to 120 acres.

1975 — Limited market value for residential property replaced with general limits on valuation increases.
— Property tax refund enacted.
— Flexible homestead base established.
— Agricultural mill rate differential increased.

1976 — Agricultural mill rate differential eliminated and replaced with a credit at a higher rate.

1977 — Farm homestead increased from 120 to 160 acres.
— Classification ratios for homesteads reduced.
— Relief under property tax refund increased; senior citizen property tax freeze credit repealed.

1979 — Eliminated limited market value. Enacted two-stage shift to estimated market value.
— Homestead credit increased to 50% of gross tax with a maximum credit of $550.
— Classification ratios for homestead and certain other property reduced.
— Farm homestead increased from 160 to 240 acres.
— Agricultural mill rate credit increased.
— Enacted powerline credit (1982).
— Wetlands exemption and credit enacted.
— Gross earning tax on railroads replaced with the general property tax.

1980 — Classification ratios lowered for homestead and certain other property.
— Homestead credit increased to 58% of gross tax with a maximum credit of $650.
— Native prairie exemption and credit enacted.
— Targeting refund for homesteads enacted for taxes payable in 1981.

1981 — Classification ratios for commercial-industrial property and certain apartment buildings reduced.
— Agricultural mill rate credit made more progressive.

1982 — Enterprise zone classification of property created.
— Reduced assessments for property damaged by a natural disaster enacted, with state payments to offset local revenue loss.

1983 — Homestead credit percentage reduced to 54%.
— Classification ratios for homestead property, certain apartments, and commercial-industrial changed.
— State paid credit for enterprise zone business enacted.
— Enacted a new property tax refund formula.
— Removed 240-acre limit for farm homesteads.
— Targeting refund enacted for taxes payable in 1984 and 1985

1984 — Classification ratio for commercial/industrial property reduced.
— Agricultural credit increased.
— Targeting refund modified for taxes payable in 1984 and 1985.

1985 — Maximum homestead credit increased to $700.
— Agricultural credit increased, maximum repealed.

1987 — Small business property tax transition credit enacted for 1988 only.
— Homestead classification ratios reduced.
Beginning with taxes payable in 1989:
— Replaced the homestead credit on nonagricultural property and the agricultural credit with exemptions. Local units of government reimbursed through replacement aid.
— Restructured the classification system, reducing the number of classes and increasing the ratios.
— Repealed the native prairie and wetlands credits.
— Exempted electric power distribution lines used to supply electricity at retail to farmers.

1988 — Classification ratios and mill rates replaced by tax capacity rates applied to market value.
— "Truth in Taxation" system enacted (pay 1990).
— Homestead credit reinstated for 1989 only and maximum increased from $700 to $725.
— Agricultural credit reinstated for 1989 only but no longer applicable to seasonal recreational property.
— Targeting refund enacted for taxes payable in 1989.

1989 — The homestead and agricultural credits replaced by new state aids, including school equalization aid and homestead and agricultural credit aid (HACA).
— New class rates for 1990 and subsequent years.
— Levy limits repealed (pay 1993).
— Targeting refund enacted for taxes payable in 1990 through 1994.
— Noncommercial seasonal recreational property eligible for targeting refund for 1990 only.

1990 — Class rates changed for several types of property.

1991 — Class rates and brackets changed for homestead property. Class rates changed for commercial/industrial, residential rental, and seasonal residential property.
— Separate vacant land class eliminated (pay 1993).

1992 — Homestead treatment extended to dwelling occupied by relative of the owner.
— Calculation of targeting refund modified and limited to a maximum of $1,500.

1993 — Limited market value established for agricultural, residential, and noncommercial seasonal recreational residential property for 1993-1998.
— Exclusion for up to ten years enacted for certain improvements to older homes made prior to January 2, 2003. After ten years, 20% of the excluded value added in each of the next five years.
— Class rates reduced for certain agricultural property.
— Non-school referendum levies applied to taxable market value.
— Targeting refund enacted for taxes payable in 1995 and 1996.

1994 — Restrictions added to exclusion of improvements for older homes, including market value limit of $150,000 ($300,000 in some areas).
— For the property tax refund, increased the income thresholds and maximum refund amounts; indexed both. Increased percent paid by the state.
— For targeting, reduced the percent paid by the state from 75% to 60% and the maximum refund from $1,500 to $1,000.

1995 — Class rates reduced for: cabins (pay 1997); apartments in qualifying smaller cities outside the metropolitan area; and new commercial/ industrial property within transit zones.
— New operating school district referendum levies based on referendum market value.
— Targeting refund made permanent.

1996 — Class rates reduced for cabins.
— Electric power generation facilities eligible for partial market value exclusion based on efficiency.
— Income qualifications changed for Class 1b.
— Fiscal disparities enacted for taconite tax relief area.

1997 — Class rates reduced for most types of property, including homesteads (2nd tier), commercial/industrial, apartments, cabins (1st tier), and Class 5.
— Brackets changed for homesteads and commercial/industrial property.
— New classifications created for seasonal farm worker housing and residential nonhomestead single unit property.
— Education homestead credit enacted equal to 32% of the property's general education levy, with a maximum credit of $225 per homestead.
— Levy limitations enacted for counties and for cities over 2,500 population for pay 1998 and 1999 only.
— Rebate enacted as a refundable income tax credit for homeowners and renters equal to 20% of property taxes paid in 1997.
— Property tax deferral program enacted for qualifying senior citizens (pay 1999).
— Limited market value program extended to 2001.
— Income tax credit for increases in cabin property taxes for pay 1998 and 1999 only.
— For property tax refund and rebate, rent constituting property taxes changed to equal 18% of gross rent.
— New referendum levies applied to referendum market value.

1998 — Class rates reduced for most types of property.
— Education homestead credit percentage increased; maximum credit increased to $320 for 1999 and $335 thereafter.
— Rebate enacted as a refundable income tax credit for homeowners and renters equal to 20% of property taxes paid in 1998, with a maximum rebate of $1,500.
— For property tax refund and rebate, rent constituting property taxes increased from 18% to 19% of gross rent.

1999 — Class rates reduced for most types of property, including homesteads (2^{nd} tier), commercial, industrial, apartments, and cabins.
— Brackets changed for homesteads, one-unit nonhomestead property, and cabins.
— Bracket for agricultural homestead land over $115,000 market value changed from 320 acres to $600,000 market value.
— Education homestead credit percentage increased; maximum credit increased to $390.
— Education agricultural credit enacted equal to 54% of the general education levy for agricultural homestead land and 50% for agricultural nonhomestead land and timberland.
— Limited market value calculation modified to further restrict annual market value increases.

2000 — Education agricultural credit increased from 54% to 70% of the general education levy on the first $600,000 market value for agricultural homestead land and buildings and from 50% to 63% on other agricultural land.

2001 — Class rates reduced for most types of property, including 2nd tier of homesteads, commercial, industrial, apartments, and cabins.

— Brackets changed for homesteads and cabins.

— State-determined general education levy eliminated.

— Agricultural and seasonal recreational property exempted from school district referendum levies.

— A new state general property tax levied on commercial, industrial, and seasonal recreational property.

— Education homestead credits eliminated, and market value credits established for residential and agricultural property.

— Limited market value phased out over six years.

— Tree growth tax repealed; land subject to property tax. Owners of qualifying sustainable forest land eligible for an annual per-acre payment from the state (pay 2003).

— Property tax refund increased for homeowners.

2002 — Market value credit increased for agricultural homestead land.

— Wind energy conversion systems exempted from the property tax (except for the land) and subject to new production tax.

— Owner-occupied bed and breakfast facilities reclassified as class 4c with a class rate of 1.25%.

2003 — Exemption enacted for improvements to commercial, industrial, and utility property of qualified businesses in a Job Opportunity Building Zone or the Biotechnology and Health Sciences Industry Zone.

2005 — Delayed the phaseout of limited market value by two years.

— Changed class rates for class 1c resorts.

— Established class 4d for low-income rental housing.

2006 — For agricultural homestead land, the $600,000 class rate bracket adjusted annually by the increase in average taxable market value of agricultural property per acre.

2008 — For Class 1b homestead of the blind or disabled, maximum market value increased from $32,000 to $50,000.

— For Class 1c homestead resorts, 1st tier bracket increased and class rate reduced.

— For Class 2a agricultural land, class rate for 1st tier reduced.

— Class 2b reorganized into separate classes.

— Market value exclusion enacted for disabled veterans.

— Levy limits enacted for counties and for cities over 2,500 population for taxes payable in 2009-2011.

— Eligibility for Green Acres program modified.

— Credit enacted for agricultural land in a specified bovine tuberculosis zone.

— For the property tax refund for homeowners, maximum amounts increased and income threshold lowered for incomes in highest end of the eligible range.

2009 — Rural Preserve Program enacted (pay 2012).

2010 — Exemption enacted for improvement to property of a qualified business in a Create Automotive Recovery Zone.

2011 — Homestead market value credit repealed; homestead market value exclusion enacted.

2012 — Targeting refund increased for taxes payable in 2012 only.

2013 — Property tax refund increased for homeowners in the middle to high end of the income range.

— Property tax refund increased for renters in the high end of the income range; maximum refunds increased.

— Class rate reduced for class 4d, low-income rental housing for market value of each unit over $100,000 (pay 2015).

2014 — Agricultural homestead market value credit increased (pay 2015); supplemental credit enacted for taxes payable in 2014.

— For the property tax refund, one-time increase of 3% for homeowners (pay 2014) and 6% for renters (rent paid in 2013).

— Border city disparity reduction credit increased.

— Solar energy generating systems exempted from the property tax (except for the land) and subject to a new production tax.

WIND ENERGY PRODUCTION TAX

Minnesota Statutes, Sections 272.028 and 272.029

Tax Base: Kilowatt hours of electricity produced by a wind energy conversion system. A wind energy conversion system is any device, such as a wind charger, windmill, or wind turbine, which converts wind energy to a form of usable energy. A substation that is used and owned by one or more wind energy facilities is included. The system is exempt from the property tax, but the property tax applies to the land on which the system is located.

Rates:	Tax Per Kilowatt Hour
Large-scale system – capacity of more than 12 megawatts	.12¢
Medium-scale system – capacity of more than 2 but not over 12 megawatts	.036¢
Small-scale system – capacity of more than 0.25 but not over 2 megawatts	.012¢

Exemptions: Systems with capacity of 0.25 megawatts or less; small-scale systems that are owned by a political subdivision.

Special Provision: A developer of a new or existing wind energy conversion system may negotiate with the county to establish a payment in lieu of the production tax. The in-lieu payment is to provide fees or compensation to the affected jurisdictions to maintain public infrastructure and services.

Revenue

Collections:	Payable Year	
	2013	$8,566,000
	2014	$9,399,000

Disposition:

County	80%
City or Township	20%

Administration

Agencies: Minnesota Department of Revenue determines the amount of tax for each system. The county collects and distributes the tax.

Who Pays: Owners of wind energy conversion systems.

Number of Taxpayers: 199

Due Date: May 15 for the previous year.

History of Major Changes

2002 — Tax enacted; wind energy conversion systems, except for the land, exempted from the property tax.

2003 — Exemption enacted for systems located in a Job Opportunity Building Zone.

2006 — Tax base expanded to include substations.

SOLAR ENERGY PRODUCTION TAX

Minnesota Statutes, Section 272.0295

Tax Base: Megawatt hours of electricity produced from a solar energy generating system used as an electric power source. A solar energy generating system is a set of devices whose primary purpose is to produce electricity by means of any combination of collecting, transferring, or converting solar-generated energy. The system is exempt from the property tax, but the property tax applies to the land on which the system is located.

Rate: $1.20 per megawatt-hour.

Exemption: A solar energy generating system with a capacity of one megawatt alternating current or less.

Revenue

Collections: Tax effective beginning with taxes payable in 2015.

Disposition:

County in which the system is located	80%
City or township in which the system is located	20%

Administration

Agencies: Minnesota Department of Revenue determines the amount of tax due for each system. The county collects and distributes the tax.

Who Pays: Owners of solar energy generating systems.

Number of Taxpayers: One

Due Date: May 15 for the previous year.

History of Major Changes

2014 — Tax enacted, beginning with taxes payable in 2015; solar energy generating systems, except for the land, exempted from the property tax.

AUXILIARY FOREST TAX

Minnesota Statutes, Sections 88.50 - 88.52

Tax Base: Any 35 acres or more of land that is suitable for forestation or any wood lot containing 5 to 40 acres.

Rates: Land tax: annual tax of 10¢ per acre. Yield tax: 40% to 10% of value of timber, the rate determined by the year of the harvest in relation to the contract period.

Special Provisions: This tax is in lieu of the property tax. The land was made an auxiliary forest upon county board approval. No new auxiliary forest contracts are allowed, or existing contracts extended, after June 30, 1974.

Revenue

Collections:	Year Payable	
	2011	$1,000
	2012	$1,000

Disposition: Same as the property tax

Administration

Agencies: County auditor, county board.

Who Pays: Owners of auxiliary forests approved before July 1, 1974.

Due Dates: Land tax: annually by May 31. Yield tax: at time of harvest.

History of Major Changes

1926 — Enabling constitutional amendment adopted.
1927 — Tax imposed on any tract of forestable land less than 160 acres; woodlots between 20 and 40 acres. Land tax: 8¢ per $l assessed value. Yield tax: 10% of marketable timber value.
1929 — Land tax changed to 5¢ per acre.
1945 — Size of land plot changed to any 35 acres or more and wood lots between 5 and 40 acres. Rate changed to 6¢ per acre.
1947 — Yield tax graduated between 40% and 10%.
1957 — Land tax rate changed to 10¢ per acre.
1974 — Prohibited contracts from being issued or extended, effective after June 30, 1974.

CONTAMINATION TAX

Minnesota Statutes, Sections 270.91 - 270.98

Tax Base: Contamination value of taxable real property, which is the amount of any market value reduction granted for the property tax due to the presence of contaminants.

Rates:	Percent of <u>Class Rate*</u>
General rate	100.0%
Owner has in place an approved abatement or management plan, as specified	50.0%
Neither the owner nor the operator is the party responsible for the contaminants	25.0%
Neither the owner nor the operator is the responsible party and an approved abatement or management plan is in place.	12.5%

*Class rate for that property under the property tax (page 55).

Major Exemptions: Value of contaminants for which the requirements of a response action plan have been satisfied; value of asbestos under certain conditions.

Revenue

Collections:	State	Year Payable	Local
F.Y. 2013	$299,000	2013	$246,000
F.Y. 2014	$340,000	2014	$241,000

Disposition:

Tax on property that has a response plan:

Contaminated Site and Development Account, State Special Revenue Fund	95%
County	5%

Tax on property without a response plan: distributed to local jurisdictions in the same manner as the property tax.

Administration

Agencies: County assessor, auditor, and treasurer

Who Pays: Owners of contaminated property.

Due Dates: Same as the general property tax.

History of Major Changes

1993 — Enacted, beginning with taxes payable in 1995.
1994 — Exempted asbestos-contaminated property that is managed under a qualifying program.

MINING PRODUCTION TAXES

Minnesota Statutes, Section 298.24

Tax Base: Tonnage of merchantable iron ore concentrate produced from taconite and iron sulfides. The tax is applied to the average of the tons produced in the current year and the two previous years.

Rates:
Taconite and Iron Sulfides: Rate is indexed annually. The rate was $2.56 per taxable ton for production year 2013 and $2,597 for production year 2014.

Direct Reduced Iron: an additional tax is imposed equal to 3¢ per gross ton of concentrate for each 1% that the iron content exceeds 72% when dried at 212° F. For the first two years of a plant's production, no tax is imposed. The tax is 25% of the regular tax in the third year, 50% in the fourth year, and 75% in the fifth year.

Revenue

Collections:	Year Payable	
	2013	$94,205,000
	2014	$101,214,000

Disposition: The tax is distributed based on requirements and formulas specified in state statute. The distribution made in 2014 for the 2013 production year is summarized below. The amount distributed includes $8.7 million from the State General Fund. (Source: *Minnesota Mining Tax Guide*, Minnesota Department of Revenue, Minerals Tax Office)

Cities and towns	13.6%
School districts	19.5%
Counties	13.2%
Property tax relief	12.5%
Iron Range Resources/Rehabilitation Board	29.5%
Other	11.7%

Administration
Agencies: Minnesota Department of Revenue: determination of liability and distribution. Eligible counties: collection and distribution to local units. Iron Range Resources and Rehabilitation Agency: collection of its share.

Who Pays: Mining companies pay the production tax in lieu of the property tax on land and structures used to mine or produce taconite.

Number of Taxpayers: Six companies

Due Dates: 50% on February 24 and 50% on August 24 of the following year.

History of Major Changes

1881 — Tonnage tax of 1¢ per ton imposed on iron ore.
1897 — Tonnage tax repealed, replaced by the property tax.
1941 — Taconite production tax of 5¢ per ton imposed.
1959 — Production tax on semi-taconite enacted.
1967 — Copper-nickel production tax enacted.
1969 — Tax on taconite increased to 11.5¢ per ton.
1971 — Additional tax of 4¢ to 14¢ per ton imposed.
1975 — Taconite production tax increased by 39¢ per ton.
1977 — Taconite production tax increased to $1.25 per ton with tax indexed based on the price of steel.
1984 — Index frozen for two years and converted to implicit price deflator for production year 1987.
— Water filtration plant credit enacted.
1985 — Taconite production tax paid to the counties and the IRRRB rather than the state.
1986 — Rate reduced from $2.048 to $1.90 per ton.
1987 — Rate set at $1.90 for 1987 and 1988, indexed thereafter.
— Production tax on copper-nickel repealed.
1990 — Rate set at $1.975 for 1990, indexed starting in 1991.
1992 — Rate set at $2.054 for 1992 and 1993, indexed thereafter.
1994 — Rate kept at $2.054 for 1994.
— Lower rate enacted for direct reduced ore.
1995 — Rate kept at $2.054 for 1995.
1996 — Increase in rate due to indexing limited to 4¢ for 1996.
1997 — Rates applicable to direct reduced iron changed.
1998 — Rate kept at $2.141 for 1998.
1999 — Rate kept at $2.141 for 1999.
2001 — Rate reduced to $2.103 for 2001, 2002, and 2003.
2005 — Rate kept at $2.137 for 2005.
2008 — Tax imposed on iron-bearing material.
2013 — Rate set at $2.56 per ton for 2013.

SEVERED MINERAL INTERESTS TAX

Minnesota Statutes, Section 273.165, Subd. 1

Tax Base: Mineral interests in real estate owned separately from the surface interests in the real estate. The tax does not apply to mineral interests taxed under other laws relating to mineral taxation.

Rates: Annual tax of 40¢ per acre times the fractional interest owned. Minimum tax of $3.20 on any mineral interest.

Revenue

Collections:	Year Payable	
(state	2013	$609,000
and local)	2014	$565,000

Disposition:

Same as the local property tax	80%
Indian Business Loan Account, Special Revenue Fund	20%

Administration
Agency: County

Who Pays: Owners of mineral interests which are owned separately from the affected real estate.

Due Dates: Annually at the same time as the property tax.

History of Major Changes
1973 — Enacted.
1994 — Tax increased from 25¢ to 40¢ per acre; minimum tax increased from $2 to $3.20.

UNMINED TACONITE TAX
Minnesota Statutes, Section 298.26

Tax Base: Taconite in a forty-acre tract of land from which the production of iron ore concentrate is less than 1,000 tons.

Rates: Market value times the class rate of 2% times the local property tax rate. Maximum tax of $15 per acre.

Revenue

Collections:	Year Payable	
	2013	$297,000
	2014	$280,000

Disposition: Same as the local property tax.

Administration
Agency: County

Who Pays: Owners of taconite mineral interests.

Due Dates: Annually at the same time as the property tax.

History of Major Changes
1941 — Enacted at $1 per acre maximum.
1977 — Increased to $10 per acre maximum.
1994 — Maximum tax increased from $10 to $15 per acre.

AGGREGATE MATERIAL PRODUCTION TAX
Minnesota Statutes, Section 298.75

Tax Base: Aggregate material removed from gravel pits or deposits in counties electing to impose the tax. Aggregate material means nonmetallic natural mineral aggregate and includes sand, silica sand, gravel, crushed rock, limestone, and granite. Currently the tax is imposed by 32 counties and 2 townships.

Rates: 21.5¢ per cubic yard or 15¢ per ton, except Rock County where the tax is 10¢ per cubic yard or 7¢ per ton.

Revenue

Collections:		
	C.Y. 2012	$6,045,000
	C.Y. 2013	$6,149,000

Disposition:

County road and bridge fund	42.5%
City or town general fund	42.5%
Reserve fund for restoration of abandoned pits	15.0%

Administration
Agency: County or township

Who Pays: Those removing aggregate material from pits or deposits or importing aggregate materials.

Due Dates: Quarterly, on the 14th of April, July, October, and January.

History of Major Changes
1961-1979. Tax allowed in 7 counties by special laws.
1980 — Gave all counties the option of imposing the tax.
1982 — Uniform rate enacted, extended to all aggregate materials.
1983 — Specified 26 counties subject to tax.
1984 — Exempted certain counties.
1996 — Authorized three counties to impose the tax.
1997 — Authorized three counties to impose the tax.
2001 — Authorized the tax to be imposed by any county.
2008 — Increased tax from up to 10¢ per cubic yard or 7¢ per ton to 21.5¢ per cubic yard or 15¢ per ton.

LOCAL SALES TAXES

Legislative authorization is required for a local government to impose a sales tax. This section contains the taxes currently imposed.

	Rate	Year Imposed
General Sales and Use Tax		
Cities:		
Albert Lea	0.5%	2006
Austin	0.5%	2007
Baxter	0.5%	2006
Bemidji	0.5%	2006
Brainerd	0.5%	2007
Clearwater	0.5%	2008
Cloquet	0.5%	2013
Duluth	1.0%	1970
Fergus Falls	0.5%	2012
Hermantown	1.0%	2000
Hutchinson	0.5%	2012
Lanesboro	0.5%	2012
Mankato	0.5%	1992
Marshall	0.5%	2013
Medford	0.5%	2013
Minneapolis	0.5%	1987
New Ulm	0.5%	2001
North Mankato	0.5%	2008
Proctor	0.5%	2000
Rochester	0.5%	2003
St. Cloud, Sartell, Sauk Rapids, St. Augusta, St. Joseph, Waite Park	0.5%	2003
St. Paul	0.5%	1993
Two Harbors	0.5%	1999
Worthington	0.5%	2009
Counties:		
Becker	0.5%	2014
Beltrami	0.5%	2014
Carlton	0.5%	2015
Cook	1.0%	2010
Douglas	0.5%	2014
Fillmore	0.5%	2015
Hennepin	0.15%	2007
Metro Transit Tax in Anoka, Dakota, Hennepin, Ramsey, and Washington	0.25%	2008
Olmsted	0.25%	2014
Rice	0.5%	2014
St. Louis	0.5%	2015
Steele	0.5%	2015
Todd	0.5%	2015
Wadena	0.5%	2014

	Rate	Year Imposed
Restaurant Food and Beverages		
Biwabik (Giants Ridge)	1.0%	2011
Detroit Lakes	1.0%	2011
Duluth	2.25%	1977
Little Falls	0.5%	1996
Mankato	0.5%	2009
Marshall	1.5%	2013
Minneapolis (Downtown)	3.0%	1987
Proctor	1.0%	2015
St. Cloud	1.0%	1987
Liquor & Beer (On Sale)		
Bloomington	3.0%	1986
Minneapolis (Downtown)	3.0%	1987
St. Cloud	1.0%	1987
Admissions/Amusements		
Biwabik (Giants Ridge)	2.0%	2011
Bloomington	3.0%	1970
Mankato	0.5%	2009
Minneapolis	3.0%	1969
Motor Vehicle Retail Sales - Tax Per Vehicle		
Baxter	$20	2006
Beltrami County	$20	2014
Brainerd	$20	2007
Carlton County	$20	2015
Clearwater	$20	2008
Hutchinson	$20	2012
Mankato	$20	1992
Metro Transit Tax in Anoka, Dakota Hennepin, Ramsey, and Washington Counties	$20	2008
New Ulm	$20	2001
Rochester	$20	1983
St. Louis County	$20	2015
Worthington	$20	2005

Revenue

Collections:	C.Y. 2012	C.Y. 2013
General Sales and Use Taxes	$237,387,000	$251,860,000
Selective Sales Taxes	$79,735,000	$83,256,000
Total	$317,122,000	$335,116,000

LOCAL LODGING TAXES

Minnesota law prohibits local governments from imposing a sales tax without legislative authorization. A local government may impose a tax on lodging in one of two ways:

- The local government receives authorization under a special law.
- A city or town may impose a tax of up to 3% on lodging under general authorization provided in Minnesota Statutes, Section 469.190. Of the total proceeds from the tax, 95% must be used to fund a local convention or tourism bureau.

	Rate	Year Imposed
Special Laws:		
Biwabik (Giants Ridge)	2.0%	2011
Bloomington	7.0%	1970
Cook County	1.0%	2008
Duluth		
More than 30 Rooms	5.5%	1970
Other	3.0%	1970
Minneapolis		
More than 50 Rooms	5.625%	1986
Other	3.0%	1969
Rochester	7.0%	1971
St. Cloud	5.0%	1979
St. Paul		
More than 50 Rooms	6.0%	1986
Other	3.0%	1970
Two Harbors	1.0%	1994
Winona	1.0%	1991

General Authorization: about 120 cities and towns impose this tax.

Revenue

Collections:	C.Y. 2012	C.Y. 2013
Special Laws	$41,585,000	$45,866,000
General Authorization	$12,222,000	$11,424,000
Total	$53,807,000	$57,290,000

COUNTY WHEELAGE TAXES

Minnesota Statutes, Section 163.051

Tax Base: Motor vehicles kept in a county that has adopted the tax. Currently, the tax is imposed by 46 counties.

Rates: $10 per registered motor vehicle per year.

Revenue

Collections:*	C.Y. 2012	$5,102,000
	C.Y. 2013	$5,298,000

*Collections for 2012 and 2013 reflect the $5 tax imposed in five metropolitan counties.

Disposition: County Road and Bridge Fund

Administration

Agency: Minnesota Department of Public Safety collects the tax at the time of registration. The tax is then transferred to each county.

Who Pays: Owners of motor vehicles in a county that imposes the tax.

Due Dates: At the time the motor vehicle is first registered and annually thereafter upon renewal.

History of Major Changes

1971 — Authorization enacted for the seven metropolitan counties to levy the tax of $5 per registered vehicle per year.

2013 — Authorization extended to all counties (1/1/14).

— Rate increased from $5 to $10 per year for 2014 through 2017 and up to $20 thereafter.

GREATER MINNESOTA LANDFILL CLEANUP FEE

Minnesota Statutes, Section 115A.923

Tax Base: Volume of solid waste disposed at a solid waste disposal facility outside the seven-county metropolitan area.

Rate: $2 per cubic yard.

Revenue
Disposition: County or sanitary district where facility is located or the city for a city-owned facility.

Administration
Agency: County, sanitary district, or city.

Who Pays: Operators of mixed municipal solid waste disposal facilities outside the seven-county metropolitan area remit the fee.

History of Major Changes
1989 — Enacted.
1990 — Fee remitted to local unit of government rather than Department of Revenue.
1991 — Changed the status of the operator of a mixed municipal solid waste disposal facility from the entity that pays the fee to the one that charges the fee.

LOCAL FRANCHISE TAXES

Tax Base: Gross earnings of utilities, including electric and gas utility companies and cable television, operating in certain cities and counties.

Rates: Set locally.

Revenue

Collections:	C.Y. 2012	$113,981,000
	C.Y. 2013	Not yet available.

Disposition: Local revenue funds

Administration
Agency: Local units of government.

Who Pays: Utility and cable television companies.

Due Dates: Established locally.

MINNESOTA STATE TAX COLLECTIONS
ALL FUNDS – NET AFTER REFUNDS

	F.Y. 2013 (000's)	F.Y. 2014 Amount (000's)	F.Y. 2014 Percent of Total
Individual Income Tax	$9,012,546	$9,659,554	44.26%
Corporate Franchise Tax	$1,280,843	$1,278,208	5.86
Estate Tax	$158,928	$177,433	0.81
General Sales & Use Tax	$4,990,005	$5,273,327	24.16
Liquor Gross Receipts Tax	$77,524	$80,413	0.37
Motor Vehicle Rental Tax	$14,958	$22,648	0.10
Motor Vehicle Rental Fee	$1,342	$2,273	0.01
Motor Vehicle Sales Tax	$597,796	$641,044	2.94
Motor Fuels Excise Taxes	$862,615	$881,339	4.04
Alcoholic Beverage Taxes	$81,808	$84,591	0.39
Cigarette Taxes and Fees	$369,922	$575,135	2.64
Tobacco Products Tax and Fee	$53,940	$78,200	0.36
Controlled Substances Tax	$0	$1	*
Mortgage Registry Tax	$139,928	$93,404	0.43
Deed Transfer Tax	$75,561	$87,132	0.40
Lawful Gambling Taxes	$36,995	$43,257	0.20
Pari-Mutuel Taxes	$566	$585	*
Insurance Premiums Taxes	$415,906	$434,350	1.99
Health Care Surcharges	$255,426	$294,346	1.35
MinnesotaCare Taxes	$513,776	$525,319	2.41
Mining Occupation Tax	$19,883	$13,631	0.06
State Property Tax	$811,388	$835,554	3.83
Contamination Tax	$299	$340	*
Motor Vehicle Registration Tax	$622,540	$652,282	2.99
Airflight Property Tax	$12,017	$9,208	0.04
Aircraft Registration Tax	$8,704	$3,358	0.01
Rural Electric Co-ops	$50	$51	*
Solid Waste Management Taxes	$70,475	$72,575	0.33
Metropolitan Landfill Fee	$3,238	$3,361	0.02
Total	$20,488,979	$21,822,919	100.00%

*Less than .005%.

MINNESOTA LOCAL TAX COLLECTIONS

	Year Payable	
	2013	2014
	(000's)	(000's)
General Property Tax	$7,666,895	$7,796,727
Wind Energy Production Tax	$8,566	$9,399
Auxiliary Forest Tax	$1	$1
Contamination Tax	$246	$241
Mining Production Taxes	$94,205	$101,214
Severed Mineral Interests Tax	$609	$565
Unmined Taconite Tax	$297	$280

	Calendar Year Collections	
	2012	2013
	(000's)	(000's)
Aggregate Material Production Tax	$6,045	$6,149
Local Sales Taxes	$317,122	$335,116
Local Lodging Taxes	$53,807	$57,290
County Wheelage Taxes	$5,102	$5,298
Local Franchise Taxes	$113,981	*

*Not yet available.