

HOUSE RESEARCH

Bill Summary

FILE NUMBER: H.F. 2588

DATE: March 5, 2004

Version: As introduced

Authors: Lenczewski

Subject: Corporate Franchise Tax - Single Sales Apportionment

Analyst: Joel Michael, 651-296-5057

This publication can be made available in alternative formats upon request. Please call 651-296-6753 (voice); or the Minnesota State Relay Service at 1-800-627-3529 (TTY) for assistance. Summaries are also available on our website at: www.house.mn/hrd.

Overview

This bill allows corporations to apportion their income using either sales factor only (i.e., single sales apportionment) or the weighted formula under present law (75% sales, 12.5% property, and 12.5% payroll). A corporation would select whichever method resulted in lower net tax.

Section

- 1 Optional apportionment formula.** Expands the optional, single sales apportionment formula that now applies only to Minnesota based mail order retailers to all corporations. This will allow any corporation the option of using single sales apportionment. Corporations whose Minnesota sales factor is lower than the average of their property and payroll factors will elect this option, since it will reduce their corporate franchise tax.

Effective date: Beginning for tax year 2004.