

Hello. It looks like you're using an ad blocker that may prevent our website from working properly. To receive the best experience possible, please make sure any blockers are switched off and refresh the page.

If you have any questions or need help you can email us

boosting taxes on high-wage earners, smokers and corporations.

May. 20, 2013

The Minnesota House has passed a tax bill that could raise revenue \$2.1 billion by boosting taxes on high-wage earners, smokers and corporations.

The bill also helps support a development plan pushed by the Mayo Clinic in Rochester officials say could bring thousands of jobs to Minnesota.

Representatives passed the bill by a 69-65 vote early Monday morning, May 20.

The bill now heads to the Senate, which was expected to return to session at 11 a.m. It is one of the last major tax and spending bills the Legislature is taking up as it finalizes a \$38 billion budget for 2014-15 before the midnight end of session.

House Taxes Committee Chair Ann Lenczewski, DFL-Bloomington, said the income tax increase would make the state's taxes fairer because the wealthiest Minnesotans now pay a smaller share of their income on state and local taxes than middle-class taxpayers.

The top 2 percent of wage earners — about 54,000 taxpayers — would pay about \$1 billion more under the bill. Their tax rate would go up 2 percentage points to 9.85 percent on taxable incomes over \$150,000 for singles and \$250,000 for couples. That would give Minnesota the fourth-highest state income tax rate in the nation.

Republicans warned, though, that the income tax increases would drive some job creators out of the state, discourage others from moving here and make it harder for businesses to compete for professional talent.

Cigarette taxes would go up \$1.60 per pack, and taxes on other

tobacco products also would increase sharply. But taxes won't rise for beer, wine or

Hello. It looks like you're using an ad blocker that may prevent our website from working properly. To receive the best experience possible, please make sure any blockers are switched off and refresh the page.

If you have any questions or need help you can email us

storage services, electronic equipment repair and telecommunications equipment, resulting in a \$214 million tax increase for businesses.

Thousands of homeowners and renters would become eligible for property tax refunds for the first time and thousands more would get larger refund checks.

It also provides significant indirect property tax relief. The measure exempts cities and counties from state sales taxes, resulting in \$172 million in savings on top of a \$130 million increase in state aid to local governments. The bill slaps a 3-percent cap on local property tax levy increases next year.

A backup funding source for the new Minnesota Vikings stadium is tucked into the tax bill. It deposits a one-time, \$24.5 million cigarette tax windfall into a stadium account and closes a corporate loophole to provide about \$20 million a year in future years, if needed. Dayton and lawmakers crafted the backup plan after the main source of stadium funding — electronic pull and bingo tax revenue — fell short.

In addition, the bill provides hefty tax breaks to promote Mayo Clinic's \$6 billion "Destination Medical Center" economic development project in Rochester, the Mall of America's planned expansion, 3M's planned new research and development facilities in Maplewood and incentives for Baxter Healthcare Group to locate in Brooklyn Park.

---

Copyright 2013 – Pioneer Press, St. Paul, Minn.

Small Business • State and Local Taxes

Hello. It looks like you're using an ad blocker that may prevent our website from working properly. To receive the best experience possible, please make sure any blockers are switched off and refresh the page.

If you have any questions or need help you can email us