A bill for an act

relating to corporate franchise taxation; accelerating the adoption of single sales apportionment; amending Minnesota Statutes 2006, section 290.191, subdivision 2.

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

Section 1. Minnesota Statutes 2006, section 290.191, subdivision 2, is amended to read:

Subd. 2. **Apportionment formula of general application.** (a) Except for those trades or businesses required to use a different formula under subdivision 3 or section 290.36, and for those trades or businesses that receive permission to use some other method under section 290.20 or under subdivision 4, a trade or business required to apportion its net income must apportion its income to this state on the basis of the percentage obtained by taking the sum of:

(1) the percent for the sales factor under paragraph (b) of the percentage which the sales made within this state in connection with the trade or business during the tax period are of the total sales wherever made in connection with the trade or business during the tax period;

(2) the percent for the property factor under paragraph (b) of the percentage which the total tangible property used by the taxpayer in this state in connection with the trade or business during the tax period is of the total tangible property, wherever located, used by the taxpayer in connection with the trade or business during the tax period; and

(3) the percent for the payroll factor under paragraph (b) of the percentage which the taxpayer's total payrolls paid or incurred in this state or paid in respect to labor performed in this state in connection with the trade or business during the tax period are

of the taxpayer's total payrolls paid or incurred in connection with the trade or business during the tax period.

(b) For purposes of paragraph (a) and subdivision 3, the following percentages apply for the taxable years specified:

Taxable years beginning during calendar year	Sales factor percent	Property factor percent	Payroll factor percent
2007	~~78~~ 84	~~11~~ 8	~~11~~ 8
2008	~~81~~ 90	~~9.5~~ 5	~~9.5~~ 5
2009	~~84~~ 94	~~8~~ 3	~~8~~ 3
~~2010~~	~~87~~	~~6.5~~	~~6.5~~
~~2011~~	~~90~~	~~5~~	~~5~~
~~2012~~	~~93~~	~~3.5~~	~~3.5~~
~~2013~~	~~96~~	~~2~~	~~2~~
~~2014~~ 2010 and later calendar years	100	0	0

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2006.