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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETIETH SESSION

H. F. No. 65

01/05/2017 Authored by Lesch; Dehn, R.; Loeffler; Slocum and Bly
The bill was read for the first time and referred to the Committee on Taxes

1.1 A bill for an act
1.2 relating to taxation; corporate franchise; imposing a surtax on certain corporations
1.3 with high principal executive officer to median worker pay ratios; amending
1.4 Minnesota Statutes 2016, section 290.06, by adding a subdivision.

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

1.6 Section 1. Minnesota Statutes 2016, section 290.06, is amended by adding a subdivision
1.7 to read:

1.8 Subd. 1b. Surtax; publicly held companies with qualifying pay ratios. (a) The
1.9 provisions of this subdivision apply to each entity that is:

1.10 (1) subject to tax under this section; and

1.11 (2) a member of a unitary business, as defined under section 290.17, subdivision 4, if
1.12 any member of the unitary business is required to file a pay ratio disclosure under Code of
1.13 Federal Regulations, title 17, section 229.402(u), during the taxable year and if that pay
1.14 ratio meets the requirements of paragraph (b) or (c).

1.15 (b) A surtax equal to ten percent of the greater of the entity's liability for tax under
1.16 subdivision 1 or section 290.0921 is imposed for the taxable year, if the pay ratio is at least
1.17 100:1 but less than 250:1.

1.18 (c) A surtax equal to 25 percent of the greater of the entity's liability for tax under
1.19 subdivision 1 or section 290.0921 is imposed for the taxable year, if the pay ratio is at least
1.20 250:1.

1.21 (d) The tax imposed under this subdivision is in addition to any tax imposed under
1.22 subdivision 1, or section 290.0921.

2.1 (e) For purposes of this subdivision, "pay ratio" means the pay ratio disclosure filed by
2.2 the unitary business under Code of Federal Regulations, title 17, section 229.402(u)(1)(iii),
2.3 during the taxable year.

2.4 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
2.5 31, 2017.