

**SENATE**  
**STATE OF MINNESOTA**  
**EIGHTY-EIGHTH SESSION**

**S.F. No. 2798**

(SENATE AUTHORS: MILLER and Reinert)

DATE	D-PG	OFFICIAL STATUS
03/19/2014	6383	Introduction and first reading Referred to Taxes

1.1 A bill for an act  
 1.2 relating to taxation; income; requiring update of a study; requiring the  
 1.3 commissioner of revenue to initiate negotiations for a reciprocity agreement;  
 1.4 amending Laws 2011, First Special Session chapter 7, article 1, sections 9; 11; 12.

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

1.6 Section 1. Laws 2011, First Special Session chapter 7, article 1, section 9, is amended  
 1.7 to read:

1.8 Sec. 9. **INCOME TAX RECIPROCITY BENCHMARK STUDY.**

1.9 (a) The Department of Revenue, in conjunction with the Wisconsin Department of  
 1.10 Revenue, must, provided the conditions of paragraph (d) are satisfied, conduct a study to  
 1.11 determine at least the following:

1.12 (1) the number of residents of each state who earn income from personal services in  
 1.13 the other state;

1.14 (2) the total amount of income earned by residents of each state who earn income  
 1.15 from personal services in the other state; and

1.16 (3) the change in tax revenue in each state if an income tax reciprocity arrangement  
 1.17 were resumed between the two states under which the taxpayers were required to pay  
 1.18 income taxes on the income only in their state of residence.

1.19 (b) The study must use information obtained from each state's income tax returns for  
 1.20 tax year ~~2011~~ 2013, and from any other source of information the departments determine  
 1.21 is necessary to complete the study.

1.22 (c) No later than March 1, ~~2013~~ 2015, the Department of Revenue must submit a  
 1.23 report containing the results of the study to the governor and to the chairs and ranking

2.1 minority members of the legislative committees having jurisdiction over taxes, in  
 2.2 compliance with Minnesota Statutes, sections 3.195 and 3.197.

2.3 (d) The department shall conduct the study only if the commissioner of revenue  
 2.4 receives notice from the secretary of revenue that the Wisconsin Department of Revenue  
 2.5 will fully participate in the study.

2.6 **EFFECTIVE DATE.** This section is effective the day following final enactment.

2.7 Sec. 2. Laws 2011, First Special Session chapter 7, article 1, section 11, is amended to  
 2.8 read:

2.9 Sec. 11. **NEW RECIPROCITY AGREEMENT WITH WISCONSIN.**

2.10 (a) The commissioner of revenue shall initiate negotiations with the secretary of  
 2.11 revenue of Wisconsin, with the objective of entering into an income tax reciprocity  
 2.12 agreement effective for tax years beginning after December 31, ~~2011~~ 2013, wherein  
 2.13 Minnesota and Wisconsin must assume equal shares of the amount resulting from any  
 2.14 discrepancy in the amount determined under section 9, paragraph (a), clause (3).

2.15 (b) At least 30 days before entering a final income tax reciprocity agreement with  
 2.16 Wisconsin, the commissioner of revenue shall provide a copy of the proposed agreement  
 2.17 and any supporting documentation, including an estimate of the impact of the agreement  
 2.18 on state revenues, to the chairs and ranking minority members of the committees of the  
 2.19 house of representatives and senate with jurisdiction over taxes. The commissioner shall  
 2.20 consider any comments on the proposed agreement provided by the chairs or ranking  
 2.21 minority members.

2.22 **EFFECTIVE DATE.** This section is effective the day following final enactment.

2.23 Sec. 3. Laws 2011, First Special Session chapter 7, article 1, section 12, is amended to  
 2.24 read:

2.25 Sec. 12. **APPROPRIATIONS.**

2.26 ~~\$291,000~~ \$..... in fiscal year ~~2012~~ 2014 and ~~\$314,000~~ \$..... in fiscal year ~~2013~~ 2015  
 2.27 are appropriated from the general fund to the commissioner of revenue for the income  
 2.28 reciprocity benchmark study required under section 9. The appropriations under this  
 2.29 section are onetime and are not added to the agency's base budget.

2.30 **EFFECTIVE DATE.** This section is effective the day following final enactment.