

## CHAPTER 291

## ESTATE TAX

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**291.005 DEFINITIONS.**

Subdivision 1. Unless the context otherwise clearly requires, the following terms used in this chapter shall have the following meanings:

(1) "Federal gross estate" means the gross estate of a decedent as valued and otherwise determined for federal estate tax purposes by federal taxing authorities pursuant to the provisions of the Internal Revenue Code.

(2) "Minnesota gross estate" means the federal gross estate of a decedent after (a) excluding therefrom any property included therein which has its situs outside Minnesota and pensions exempt from tax under this chapter pursuant to section 352.15, subdivision 1; 353.15, subdivision 1; 354.10, subdivision 1; 354B.30; or 354C.165, and (b) including therein any property omitted from the federal gross estate which is includable therein, has its situs in Minnesota, and was not disclosed to federal taxing authorities.

(3) "Personal representative" means the executor, administrator or other person appointed by the court to administer and dispose of the property of the decedent. If there is no executor, administrator or other person appointed, qualified, and acting within this state, then any person in actual or constructive possession of any property having a situs in this state which is included in the federal gross estate of the decedent shall be deemed to be a personal representative to the extent of the property and the Minnesota estate tax due with respect to the property.

(4) "Resident decedent" means an individual whose domicile at the time of death was in Minnesota.

(5) "Nonresident decedent" means an individual whose domicile at the time of death was not in Minnesota.

(6) "Situs of property" means, with respect to real property, the state or country in which it is located; with respect to tangible personal property, the state or country in which it was normally kept or located at the time of the decedent's death; and with respect to intangible personal property, the state or country in which the decedent was domiciled at death.

(7) "Commissioner" means the commissioner of revenue or any person to whom the commissioner has delegated functions under this chapter.

(8) "Internal Revenue Code" means the United States Internal Revenue Code of 1986, as amended through December 31, 2000.

Subd. 2. The definitions set forth in section 524.1-201, wherever appropriate to the administration of the provisions of this chapter are incorporated by reference.

**History:** 1963 c 740 s 26; 1973 c 185 s 1; 1973 c 582 s 3; 1975 c 347 s 2; 1979 c 303 art 3 s 1; 1980 c 439 s 4; 1981 c 49 s 2; 3Sp1981 c 2 art 6 s 1; 1983 c 222 s 22; 1Sp1985 c 14 art 13 s 2; 1986 c 444; 1989 c 28 s 23; 1990 c 604 art 2 s 16; 1991 c 291 art 6 s 46; 1992 c 511 art 6 s 19; 1993 c 375 art 8 s 14; 1994 c 587 art 1 s 24; 1995 c 264 art 1 s 4; 1996 c 471 art 4 s 5; 1997 c 231 art 6 s 22; 1998 c 389 art 7 s 11; 1999 c 243 art 3 s 6; 2000 c 490 art 12 s 5; 1Sp2001 c 5 art 10 s 10; 2002 c 377 art 12 s 11

**291.01 TAX IMPOSED.**

A tax is hereby imposed upon the transfer of estates of decedents as prescribed by this chapter.

**History:** (2292) 1905 c 288 s 1; 1911 c 372 s 1; 1935 c 334 s 1; Ex1937 c 50 s 3; 1939 c 338 s 1; 1939 c 431 art 6 s 6; 1941 c 470 s 1; 1943 c 504 s 1,2; 1949 c 735 s 1; 1953 c 629 s 1; 1955 c 552 s 1; 1961 c 442 s 1; 1963 c 182 s 1; 1963 c 218 s 1; 1963 c 740 s 1,2; 1965 c 89 s 1; 1965 c 555 s 1; 1967 c 850 s 1; 1978 c 741 s 1; 1979 c 303 art 3 s 2; 1980 c 439 s 5

**291.015** [Repealed, 1Sp1985 c 14 art 13 s 14]

**291.02** [Repealed, 1979 c 303 art 3 s 41]

**291.03 RATES.**

Subdivision 1. **Tax amount.** The tax imposed shall be an amount equal to the proportion of the maximum credit computed under section 2011 of the Internal Revenue Code for state death taxes as the Minnesota gross estate bears to the value of the federal gross estate. For a resident decedent, the tax shall be the maximum credit computed under section 2011 of the Internal Revenue Code reduced by the amount of the death tax paid the other state and credited against the federal estate tax if this results in a larger amount of tax than the proportionate amount of the credit. The tax determined under this paragraph shall not be greater than the federal estate tax computed under section 2001 of the Internal Revenue Code after the allowance of the federal credits allowed under section 2010 of the Internal Revenue Code of 1986, as amended through December 31, 2000.

Subd. 2. [Repealed, 2002 c 377 art 12 s 18]

Subd. 3. [Repealed, 1Sp1985 c 14 art 13 s 14]

Subd. 4. [Repealed, 1Sp1985 c 14 art 13 s 14]

Subd. 5. [Repealed, 1Sp1985 c 14 art 13 s 14]

Subd. 6. [Repealed, 1Sp1985 c 14 art 13 s 14]

Subd. 7. [Repealed, 1Sp1985 c 14 art 13 s 14]

**History:** (2293) 1905 c 288 s 2; 1911 c 372 s 2; 1913 c 455 s 1,2; 1919 c 410 s 2a; 1927 c 205 s 1,2; 1939 c 338 s 2a; 1943 c 504 s 3; Ex1959 c 70 art 4 s 1; 1963 c 107 s 1; 1973 c 185 s 2; 1976 c 320 s 1; 1979 c 303 art 3 s 4; 1980 c 439 s 7; 1981 c 49 s 3; 3Sp1981 c 2 art 6 s 3; 1982 c 523 art 26 s 3; 1983 c 222 s 23; 1Sp1985 c 14 art 13 s 3; 2002 c 377 art 12 s 12; 2002 c 400 s 11

**291.04** [Repealed, Ex1959 c 70 art 4 s 2]

**291.05** [Repealed, 1Sp1985 c 14 art 13 s 14]

**291.051** Subdivision 1. [Repealed, 1Sp1985 c 14 art 13 s 14]

Subd. 2. [Repealed, 3Sp1981 c 2 art 6 s 7; 1Sp1985 c 14 art 13 s 14]

Subd. 3. [Repealed, 3Sp1981 c 2 art 6 s 7; 1Sp1985 c 14 art 13 s 14]

**291.06** [Repealed, 1Sp1985 c 14 art 13 s 14]

**291.065** [Repealed, 1Sp1985 c 14 art 13 s 14]

**291.07** Subdivision 1. [Repealed, 1Sp1985 c 14 art 13 s 14]

Subd. 2. [Repealed, 1979 c 303 art 3 s 41; 1Sp1985 c 14 art 13 s 14]

Subd. 2a. [Repealed, 1979 c 303 art 3 s 41; 1Sp1985 c 14 art 13 s 14]

Subd. 3. [Repealed, 1983 c 222 s 45; 1Sp1985 c 14 art 13 s 14]

**291.075 SPECIAL USE VALUATION OF QUALIFIED PROPERTY.**

If, after the final determination of the tax imposed by this chapter, the property valued pursuant to section 2032A of the Internal Revenue Code is disposed of or fails to qualify and an additional tax is imposed pursuant to section 2032A(c), any increase in the credit for state death taxes shall be reported to the commissioner within 90 days after final determination of the increased credit. Upon notification the commissioner may assess an additional tax in accordance with section 291.03, subdivision 1.

**History:** 1979 c 303 art 3 s 10; 1980 c 439 s 13; 1Sp1985 c 14 art 13 s 4

**291.08** [Repealed, 1Sp1985 c 14 art 13 s 14]

**291.09** [Repealed, 1990 c 480 art 1 s 45]

**291.10** [Repealed, 1979 c 303 art 3 s 41]

**291.11** [Repealed, 1990 c 480 art 1 s 45]

**291.111** Subdivision 1. [Repealed, 1980 c 439 s 35; 1Sp1985 c 14 art 13 s 14]

Subd. 2. [Repealed, 1Sp1985 c 14 art 13 s 14]

**291.12 COLLECTION OF TAX.**

Subdivision 1. Any representative or trustee who has in possession or under control, property, the transfer of which is subject to any tax imposed by this chapter and from which such tax may lawfully be paid by the representative or trustee, shall either deduct the amount of tax due or shall collect from the person entitled to such property, the amount of tax due, together with any accrued interest thereon, before completing the transfer of such property or making delivery thereof and shall pay to the commissioner all taxes and interest so deducted or collected.

Subd. 2. Any representative or trustee having in possession or under control any property to which a person, from whom a tax is known by such representative or trustee to be due under the provisions of this chapter, is entitled, shall be personally liable for the payment of such tax and any interest accrued, to the extent of the value of such property; provided, however, that there shall be no such liability if such property cannot be lawfully used by the representative or trustee for the payment of such taxes or interest.

Subd. 3. No representative or trustee shall be required to transfer or deliver any property in possession or under control unless all taxes and interest due from the person entitled thereto under the provisions of this chapter have either been deducted or collected by the representative or trustee or paid by the transferee to the commissioner.

Subd. 4. [Repealed, 1979 c 303 art 3 s 41]

**History:** (2295) 1905 c 288 s 4; 1939 c 338 s 4; 1943 c 504 s 6; 1953 c 628 s 1; 1963 c 740 s 6; 1986 c 444

**291.13 TAXES TO BE PAID TO COMMISSIONER OF REVENUE.**

Subdivision 1. All taxes imposed by this chapter shall be paid to the commissioner.

Subd. 2. [Repealed, 1978 c 766 s 20]

Subd. 3. All taxes paid under the provisions of this chapter shall be deposited by the commissioner in the state treasury, and shall belong to and be a part of the general fund of the state.

**History:** (2296) 1905 c 288 s 5; 1939 c 338 s 5; 1943 c 593 s 1; 1953 c 630 s 1; 1963 c 740 s 7; 1969 c 399 s 49

**291.131** [Repealed, 1990 c 480 art 1 s 45]

**291.132** [Repealed, 1Sp1985 c 14 art 13 s 14]

**291.14** [Repealed, 1990 c 480 art 1 s 45]

**291.15** Subdivision 1. [Repealed, 1990 c 480 art 1 s 45]

Subd. 2. [Repealed, 1Sp1985 c 14 art 13 s 14]

Subd. 3. [Repealed, 1990 c 480 art 1 s 45]

**291.16 POWER OF SALE.**

Every executor, administrator, or trustee shall have full power to sell the property embraced in any inheritance, devise, bequest, or legacy to pay the tax imposed by this chapter, in the same manner as entitled by law to do for the payment of the debts of a testator or intestate.

**History:** (2299) 1905 c 288 s 8; 1986 c 444

**291.17** [Repealed, 1980 c 439 s 35]

**291.18** [Repealed, 1Sp1985 c 14 art 13 s 14]

**291.19** Subdivision 1. [Repealed, 1980 c 439 s 35]

Subd. 2. [Repealed, 1980 c 439 s 35]

Subd. 3. [Repealed, 1980 c 439 s 35]

Subd. 4. [Repealed, 1980 c 439 s 35]

Subd. 5. MS 1945 [Repealed, 1947 c 556 s 3]

Subd. 5. MS 1978 [Repealed, 1979 c 303 art 3 s 41]

Subd. 6. [Repealed, 1947 c 556 s 3]

Subd. 7. [Repealed, 1947 c 556 s 3]

**291.20** Subdivision 1. [Repealed, 1Sp1985 c 14 art 13 s 14]

Subd. 2. [Repealed, 1Sp1985 c 14 art 13 s 14]

Subd. 3. [Repealed, 1979 c 303 art 3 s 41; 1Sp1985 c 14 art 13 s 14]

Subd. 4. [Repealed, 1980 c 439 s 35; 1Sp1985 c 14 art 13 s 14]

**291.21 LETTERS OF ADMINISTRATION.**

Subdivision 1. The commissioner shall have the same rights to apply for letters of administration as are conferred upon creditors by law.

Subd. 2. [Repealed, 1979 c 303 art 3 s 41]

**History:** (2304) 1905 c 288 s 13; 1911 c 209 s 3; 1939 c 338 s 7; 1939 c 431 art 6 s 6; 1943 c 504 s 9; 1943 c 593 s 4; 1963 c 740 s 10

**291.215 VALUATION OF ESTATE; REPORTING.**

Subdivision 1. All property includable in the Minnesota gross estate of a decedent shall be valued in accordance with the provisions of sections 2031 or 2032 and, if applicable, 2032A, of the Internal Revenue Code and any elections made in valuing the federal gross estate shall be applicable in valuing the Minnesota gross estate. Values for purposes of the estate tax on both probate and nonprobate assets shall be the same as those finally determined for purposes of the federal estate tax on a decedent's estate.

Subd. 2. [Repealed, 1990 c 480 art 1 s 45]

Subd. 3. [Repealed, 1990 c 480 art 1 s 45]

**History:** 1979 c 303 art 3 s 24; 1980 c 439 s 22; 1983 c 222 s 28; 1Sp1985 c 14 art 13 s 11; 1986 c 444

**291.22** [Repealed, 1979 c 303 art 3 s 41]

**291.23** [Repealed, 1979 c 303 art 3 s 41]

**291.24** [Repealed, 1979 c 303 art 3 s 41]

**291.25** [Repealed, 1979 c 303 art 3 s 41]

**291.26** [Repealed, 1979 c 303 art 3 s 41]

**291.27 UNPAID TAX; OMITTED PROPERTY.**

Any tax due and unpaid under the provisions of this chapter may be enforced and collected from any transferee of property included in the Minnesota estate by action in the court of administration of the estate of the decedent or in a court of general jurisdiction by the personal representative of any estate, the attorney general, or the commissioner in the name of the state.

Any property which for any cause is omitted from the Minnesota estate tax return so that its value is not taken into consideration in the determination of the estate tax, may be subsequently taxed against the persons receiving the same, or any part thereof, to the same effect as if included in the estate tax return, except that any personal representative of an estate discharged in the meantime shall not be liable for the payment of such tax. When any property has been omitted in the determination of an estate tax, the tax thereon may be determined and recovered in a civil action brought by the attorney general or the commissioner, in the name of the state, in any court of general jurisdiction.

**History:** (2311) 1905 c 288 s 20; 1913 c 574 s 3; 1939 c 338 s 10; 1939 c 431 art 6 s 6; 1947 c 519 s 1; 1963 c 740 s 15; 1979 c 303 art 3 s 25; 1986 c 444

**291.29** Subdivision 1. [Repealed, 1979 c 303 art 3 s 41]

Subd. 2. [Repealed, 1979 c 303 art 3 s 41]

Subd. 3. [Repealed, 1979 c 303 art 3 s 41]

Subd. 4. [Repealed, 1979 c 303 art 3 s 41]

Subd. 5. [Repealed, 1Sp1985 c 14 art 13 s 14]

**291.30** [Repealed, 1979 c 303 art 3 s 41]

**291.31** Subdivision 1. [Repealed, 1990 c 480 art 1 s 45]

Subd. 2. [Repealed, 1990 c 480 art 2 s 18]

**291.32** [Repealed, 1990 c 480 art 1 s 45]

**291.33** [Repealed, 1Sp1981 c 1 art 3 s 4]

**291.34** [Repealed, 1979 c 303 art 3 s 41]

**291.35** [Repealed, 1979 c 303 art 3 s 41]

**291.36** [Repealed, 1979 c 303 art 3 s 41]

**291.37** [Repealed, 1979 c 303 art 3 s 41]

**291.38** [Repealed, 1979 c 303 art 3 s 41]

**291.39** [Repealed, 1979 c 303 art 3 s 41]

**291.40** [Repealed, 1979 c 303 art 3 s 41]

**291.41 DEFINITIONS.**

Subdivision 1. For the purposes of sections 291.41 to 291.47 the terms defined in this section shall have the meanings ascribed to them.

Subd. 2. "Executor" means an executor of the will or administrator of the estate of the decedent, but does not include an ancillary administrator.

Subd. 3. "Taxing official" means the commissioner of revenue of this state and the officer or body designated as such in the statute of a reciprocal state substantially similar to sections 291.41 to 291.47.

Subd. 4. "Death tax" means any tax levied by a state on account of the transfer or shifting of economic benefits in property at death, or in contemplation thereof, or intended to take effect in possession or enjoyment at or after death, whether denominated an "inheritance tax," "transfer tax," "succession tax," "estate tax," "death duty," "death dues," or otherwise.

Subd. 5. "Interested person" means any person who may be entitled to receive, or who has received any property or interest which may be required to be considered in computing the death tax of any state involved.

**History:** 1951 c 247 s 1; 1973 c 582 s 3

#### **291.42 ELECTION TO INVOKE.**

In any case in which this state and one or more other states each claims that it was the domicile of a decedent at the time of death, at any time prior to the commencement of legal action for determination of domicile within this state or within 60 days thereafter, any executor, or the taxing official of any such state, may elect to invoke the provisions of sections 291.41 to 291.47. Such executor or taxing official shall send a notice of such election by certified mail, receipt requested, to the taxing official of each such state and to each executor, ancillary administrator, and interested person. Within 40 days after the receipt of such notice of election any executor may reject such election by sending a notice, by certified mail, receipt requested, to the taxing officials involved and to all other executors and to all interested parties. When an election has been rejected no further proceedings shall be had under sections 291.41 to 291.47. If such election is not rejected within the 40-day period, the dispute as to death taxes shall be determined solely in accordance with the provisions of sections 291.41 to 291.47. No other proceedings to determine or assess such death taxes shall thereafter be instituted in any court of this state or otherwise.

**History:** 1951 c 247 s 2; 1978 c 674 s 60; 1986 c 444

#### **291.43 AGREEMENTS AS TO DEATH TAX.**

In any case in which an election is made and not rejected the commissioner of revenue of this state may enter into a written agreement with the other taxing officials involved and with the executors to accept a certain sum in full payment of any death taxes, together with interest and penalties, that may be due this state, provided this agreement fixes the amount to be paid the other states involved in the dispute.

**History:** 1951 c 247 s 3; 1973 c 582 s 3

#### **291.44 DETERMINATION OF DOMICILE.**

If in any such case it appears that an agreement cannot be reached, as provided in section 291.43, or if one year shall have elapsed from the date of the election without such an agreement having been reached, the domicile of the decedent at the time of death shall be determined solely for death tax purposes as follows:

(1) Where only this state and one other state are involved, the commissioner of revenue and the taxing official of the other state shall each appoint a member of a board of arbitration, and these members shall appoint the third member of the board. If this state and more than one other state are involved, the taxing officials thereof shall agree upon the authorities charged with the duty of administering death tax laws in three states not involved in the dispute and each of these authorities shall appoint a member of the board of arbitration. The board shall select one of its members as chair.

(2) Such board shall hold hearing at such places as are deemed necessary, upon reasonable notice to the executors, ancillary administrators, all other interested persons, and to the taxing officials of the states involved, all of whom are entitled to be heard.

(3) Such board may administer oaths, take testimony, subpoena witnesses and require their attendance, require the production of books, papers, and documents, issue commissions to take testimony. Subpoenas may be issued by any member of the board.

Failure to obey a subpoena may be punished by any court of record in the same manner as if the subpoena had been issued by such court.

(4) Whenever practicable such board shall apply the rules of evidence then prevailing in the federal courts under the federal rules of civil procedure.

(5) Such board shall determine the domicile of the decedent at the time of death. This determination is final and conclusive and binds this state, and all of its judicial and administrative officials on all questions concerning the domicile of the decedent for death tax purpose.

(6) The reasonable compensation and expenses of the members of the board and its employees shall be agreed upon among such members, the taxing officials involved, and the executors. If an agreement cannot be reached, such compensation and expenses shall be determined by such taxing officials; and, if they cannot agree, by the appropriate court having probate jurisdiction of the state determined to be the domicile. Such amount shall be borne by the estate and shall be deemed an administration expense.

(7) The determination of such board and the record of its proceeding shall be filed with the authority having jurisdiction to assess the death tax in the state determined to be the domicile of the decedent and with the authorities which would have had jurisdiction to assess the death tax in each of the other states involved if the decedent had been found to be domiciled therein.

**History:** 1951 c 247 s 4; 1973 c 582 s 3; 1986 c 444; 1995 c 189 s 8; 1996 c 277 s 1

#### **291.45 ACCEPTANCE OF AGREED SUM IN FULL PAYMENT.**

Notwithstanding the commencement of a legal action for determination of domicile within this state or the commencement of an arbitration proceeding, as provided in section 291.44, the commissioner of revenue of this state may in any case enter into a written agreement with the other taxing officials involved and with the executors to accept a certain sum in full payment of any death tax, together with interest and penalties, that may be due this state, provided this agreement fixes the amount to be paid the other states involved in the dispute, at any time before such proceeding is concluded. Upon the filing of this agreement with the authority which would have jurisdiction to assess the death tax of this state, if the decedent died domiciled in this state, an assessment shall be made as provided in such agreement, and this assessment finally and conclusively fixes the amount of death tax due this state. If the aggregate amount payable under such agreement or under an agreement made in accordance with the provisions of section 291.43 to the states involved is less than the minimum credit allowable to the estate against the United States estate tax imposed with respect thereto, the executor forthwith shall also pay to the commissioner of revenue of this state the same percentage of the difference between such aggregate amount of such credit as the amount payable to such commissioner under such agreement bears to such aggregate amount.

**History:** 1951 c 247 s 5; 1973 c 582 s 3

#### **291.46 PENALTIES, INTEREST; LIMITATION.**

When in any case the board of arbitration determines that a decedent died domiciled in this state, the total amount of interest and penalties for nonpayment of the tax, between the date of the election and the final determination of the board, shall not exceed ten percent of the amount of the taxes per annum.

**History:** 1951 c 247 s 6; 1975 c 377 s 26

#### **291.47 APPLICATION.**

Sections 291.41 to 291.47 apply only to cases in which each of the states involved in the dispute has in effect therein a law substantially similar to sections 291.41 to 291.47.

**History:** 1951 c 247 s 7

#### **291.48 [Repealed, 1989 c 184 art 1 s 20]**