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State of Minnesota
HOUSE OF REPRESENTATIVES

EIGHTY-NINTH SESSION

H. F. No. **958**

02/16/2015 Authored by Erhardt, Davids and Applebaum
The bill was read for the first time and referred to the Committee on Taxes

A bill for an act

relating to taxation; estate; increasing the exclusion amount; modifying rates;
amending Minnesota Statutes 2014, sections 291.016, subdivision 3; 291.03,
subdivision 1.

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

Section 1. Minnesota Statutes 2014, section 291.016, subdivision 3, is amended to read:

Subd. 3. **Subtraction.** (a) The value of qualified small business property under
section 291.03, subdivision 9, and the value of qualified farm property under section
291.03, subdivision 10, or the result of \$5,000,000 minus the amount for the year of death
listed in clauses (1) to ~~(5)~~ (4), whichever is less, may be subtracted in computing the
Minnesota taxable estate but must not reduce the Minnesota taxable estate to less than zero:

(1) \$1,200,000 for estates of decedents dying in 2014;

(2) ~~\$1,400,000~~ \$2,000,000 for estates of decedents dying in 2015;

(3) ~~\$1,600,000~~ \$3,000,000 for estates of decedents dying in 2016; and

(4) ~~\$1,800,000~~ \$4,000,000 for estates of decedents dying in 2017; and

~~(5) \$2,000,000~~ (b) The subtraction under paragraph (a) does not apply for estates
of decedents dying in 2018 and thereafter.

(c) For estates of decedents dying after December 31, 2018, the value of the federal
exclusion amount under section 2010 of the Internal Revenue Code may be subtracted
in computing the Minnesota taxable estate, but must not reduce the Minnesota taxable
estate to less than zero. For purposes of this subdivision, the federal exclusion amount
equals the sum of:

(1) the basic exclusion amount under section 2010(c)(3) for the year in which the
decedent died; and

2.1 (2) any deceased spouse unused exclusion amount that is allowed in computing
 2.2 the federal estate tax of the estate.

2.3 **EFFECTIVE DATE.** This section is effective retroactively for estates of decedents
 2.4 dying after December 31, 2014.

2.5 Sec. 2. Minnesota Statutes 2014, section 291.03, subdivision 1, is amended to read:

2.6 Subdivision 1. **Tax amount.** The tax imposed must be computed by applying to the
 2.7 Minnesota taxable estate the following schedule of rates and then the resulting amount
 2.8 multiplied by a fraction, not greater than one, the numerator of which is the value of the
 2.9 Minnesota gross estate plus the value of gifts under section 291.016, subdivision 2, clause
 2.10 (3), with a Minnesota situs, and the denominator of which is the federal gross estate plus
 2.11 the value of gifts under section 291.016, subdivision 2, clause (3):

2.12 (a) For estates of decedents dying in 2014:

2.13	Amount of Minnesota Taxable Estate	Rate of Tax
2.14	Not over \$1,200,000	None
2.15	Over \$1,200,000 but not over \$1,400,000	nine percent of the excess over \$1,200,000
2.16	Over \$1,400,000 but not over \$3,600,000	\$18,000 plus ten percent of the excess over
2.17		\$1,400,000
2.18	Over \$3,600,000 but not over \$4,100,000	\$238,000 plus 10.4 percent of the excess
2.19		over \$3,600,000
2.20	Over \$4,100,000 but not over \$5,100,000	\$290,000 plus 11.2 percent of the excess
2.21		over \$4,100,000
2.22	Over \$5,100,000 but not over \$6,100,000	\$402,000 plus 12 percent of the excess over
2.23		\$5,100,000
2.24	Over \$6,100,000 but not over \$7,100,000	\$522,000 plus 12.8 percent of the excess
2.25		over \$6,100,000
2.26	Over \$7,100,000 but not over \$8,100,000	\$650,000 plus 13.6 percent of the excess
2.27		over \$7,100,000
2.28	Over \$8,100,000 but not over \$9,100,000	\$786,000 plus 14.4 percent of the excess
2.29		over \$8,100,000
2.30	Over \$9,100,000 but not over \$10,100,000	\$930,000 plus 15.2 percent of the excess
2.31		over \$9,100,000
2.32	Over \$10,100,000	\$1,082,000 plus 16 percent of the excess
2.33		over \$10,100,000

2.34 (b) ~~For estates of decedents dying in 2015:~~

2.35	Amount of Minnesota Taxable Estate	Rate of Tax
2.36	Not over \$1,400,000	None
2.37	Over \$1,400,000 but not over \$3,600,000	ten percent of the excess over \$1,400,000
2.38	Over \$3,600,000 but not over \$6,100,000	\$220,000 plus 12 percent of the excess over
2.39		\$3,600,000
2.40	Over \$6,100,000 but not over \$7,100,000	\$520,000 plus 12.8 percent of the excess
2.41		over \$6,100,000

3.1	Over \$7,100,000 but not over \$8,100,000	\$648,000 plus 13.6 percent of the excess
3.2		over \$7,100,000
3.3	Over \$8,100,000 but not over \$9,100,000	\$784,000 plus 14.4 percent of the excess
3.4		over \$8,100,000
3.5	Over \$9,100,000 but not over \$10,100,000	\$928,000 plus 15.2 percent of the excess
3.6		over \$9,100,000
3.7	Over \$10,100,000	\$1,080,000 plus 16 percent of the excess
3.8		over \$10,100,000

3.9 (c) For estates of decedents dying in 2016:

3.10	Amount of Minnesota Taxable Estate	Rate of Tax
3.11	Not over \$1,600,000	None
3.12	Over \$1,600,000 but not over \$2,600,000	ten percent of the excess over \$1,600,000
3.13	Over \$2,600,000 but not over \$6,100,000	\$100,000 plus 12 percent of the excess over
3.14		\$2,600,000
3.15	Over \$6,100,000 but not over \$7,100,000	\$520,000 plus 12.8 percent of the excess
3.16		over \$6,100,000
3.17	Over \$7,100,000 but not over \$8,100,000	\$648,000 plus 13.6 percent of the excess
3.18		over \$7,100,000
3.19	Over \$8,100,000 but not over \$9,100,000	\$784,000 plus 14.4 percent of the excess
3.20		over \$8,100,000
3.21	Over \$9,100,000 but not over \$10,100,000	\$928,000 plus 15.2 percent of the excess
3.22		over \$9,100,000
3.23	Over \$10,100,000	\$1,080,000 plus 16 percent of the excess
3.24		over \$10,100,000

3.25 (d) For estates of decedents dying in 2017:

3.26	Amount of Minnesota Taxable Estate	Rate of Tax
3.27	Not over \$1,800,000	None
3.28	Over \$1,800,000 but not over \$2,100,000	ten percent of the excess over \$1,800,000
3.29	Over \$2,100,000 but not over \$5,100,000	\$30,000 plus 12 percent of the excess over
3.30		\$2,100,000
3.31	Over \$5,100,000 but not over \$7,100,000	\$390,000 plus 12.8 percent of the excess
3.32		over \$5,100,000
3.33	Over \$7,100,000 but not over \$8,100,000	\$646,000 plus 13.6 percent of the excess
3.34		over \$7,100,000
3.35	Over \$8,100,000 but not over \$9,100,000	\$782,000 plus 14.4 percent of the excess
3.36		over \$8,100,000
3.37	Over \$9,100,000 but not over \$10,100,000	\$926,000 plus 15.2 percent of the excess
3.38		over \$9,100,000
3.39	Over \$10,100,000	\$1,078,000 plus 16 percent of the excess
3.40		over \$10,100,000

3.41 (e) (b) For estates of decedents dying in 2018 and thereafter 2015:

3.42	Amount of Minnesota Taxable Estate	Rate of Tax
3.43	Not over \$2,000,000	None
3.44	Over \$2,000,000 but not over \$2,600,000	ten percent of the excess over \$2,000,000

4.1	Over \$2,600,000 but not over \$7,100,000	\$60,000 plus 13 percent of the excess over
4.2		\$2,600,000
4.3	Over \$7,100,000 but not over \$8,100,000	\$645,000 plus 13.6 percent of the excess
4.4		over \$7,100,000
4.5	Over \$8,100,000 but not over \$9,100,000	\$781,000 plus 14.4 percent of the excess
4.6		over \$8,100,000
4.7	Over \$9,100,000 but not over \$10,100,000	\$925,000 plus 15.2 percent of the excess
4.8		over \$9,100,000
4.9	Over \$10,100,000	\$1,077,000 plus 16 percent of the excess
4.10		over \$10,100,000

4.11 (c) For estates of decedents dying in 2016:

4.12	<u>Amount of Minnesota Taxable Estate</u>	<u>Rate of Tax</u>
4.13	<u>Not over \$3,000,000</u>	<u>None</u>
4.14	<u>Over \$3,000,000 but not over \$8,100,000</u>	<u>14 percent of the excess over \$3,000,000</u>
4.15	<u>Over \$8,100,000 but not over \$9,100,000</u>	<u>\$714,000 plus 14.4 percent of the excess</u>
4.16		<u>over \$8,100,000</u>
4.17	<u>Over \$9,100,000 but not over \$10,100,000</u>	<u>\$858,000 plus 15.2 percent of the excess</u>
4.18		<u>over \$9,100,000</u>
4.19	<u>Over \$10,100,000</u>	<u>\$1,010,000 plus 16 percent of the excess</u>
4.20		<u>over \$10,100,000</u>

4.21 (d) For estates of decedents dying in 2017:

4.22	<u>Amount of Minnesota Taxable Estate</u>	<u>Rate of tax</u>
4.23	<u>Not over \$4,000,000</u>	<u>None</u>
4.24	<u>Over \$4,000,000 but not over \$9,100,000</u>	<u>15 percent of the excess over \$4,000,000</u>
4.25	<u>Over \$9,100,000 but not over \$10,100,000</u>	<u>\$765,000 plus 15.2 percent of the excess</u>
4.26		<u>over \$9,100,000</u>
4.27	<u>Over \$10,100,000</u>	<u>\$917,000 plus 16 percent of the excess over</u>
4.28		<u>\$10,100,000</u>

4.29 (e) For estates of decedents dying in 2018:

4.30	<u>Amount of Minnesota Taxable Estate</u>	<u>Rate of Tax</u>
4.31	<u>Not over \$5,000,000</u>	<u>None</u>
4.32	<u>Over \$5,000,000</u>	<u>16 percent of the excess over \$5,000,000</u>

4.33 (f) For estates of decedents dying in 2019 and thereafter, 16 percent of the amount
 4.34 of the Minnesota taxable estate.

4.35 **EFFECTIVE DATE.** This section is effective retroactively for estates of decedents
 4.36 dying after December 31, 2014.