



(2) On all over ~~\$24,270~~ \$26,250, but not over ~~\$79,730~~ \$87,110, 7.05 percent, except that for filers with taxable net income not over \$87,110, 6.75 percent;

(3) On all over ~~\$79,730~~ \$87,110, but not over ~~\$150,000~~ \$163,890, 7.85 percent;

(4) On all over ~~\$150,000~~ \$163,890, 9.85 percent.

(c) The income taxes imposed by this chapter upon unmarried individuals qualifying as a head of household as defined in section 2(b) of the Internal Revenue Code must be computed by applying to taxable net income the following schedule of rates:

(1) On the first ~~\$29,880~~ \$32,650, 5.35 percent;

(2) On all over ~~\$29,880~~ \$32,650, but not over ~~\$120,070~~ \$131,190, 7.05 percent, except that for filers with taxable net income not over \$131,190, 6.75 percent;

(3) On all over ~~\$120,070~~ \$131,190, but not over ~~\$200,000~~ \$218,520, 7.85 percent;

(4) On all over ~~\$200,000~~ \$218,520, 9.85 percent.

(d) In lieu of a tax computed according to the rates set forth in this subdivision, the tax of any individual taxpayer whose taxable net income for the taxable year is less than an amount determined by the commissioner must be computed in accordance with tables prepared and issued by the commissioner of revenue based on income brackets of not more than \$100. The amount of tax for each bracket shall be computed at the rates set forth in this subdivision, provided that the commissioner may disregard a fractional part of a dollar unless it amounts to 50 cents or more, in which case it may be increased to \$1.

(e) An individual who is not a Minnesota resident for the entire year must compute the individual's Minnesota income tax as provided in this subdivision. After the application of the nonrefundable credits provided in this chapter, the tax liability must then be multiplied by a fraction in which:

(1) the numerator is the individual's Minnesota source federal adjusted gross income as defined in section 62 of the Internal Revenue Code and increased by the additions required under section 290.0131, subdivisions 2 and 6 to 11, and reduced by the Minnesota assignable portion of the subtraction for United States government interest under section 290.0132, subdivision 2, and the subtractions under section 290.0132, subdivisions 9, 10, 14, 15, 17, and 18, after applying the allocation and assignability provisions of section 290.081, clause (a), or 290.17; and

(2) the denominator is the individual's federal adjusted gross income as defined in section 62 of the Internal Revenue Code, increased by the amounts specified in section 290.0131,

subdivisions 2 and 6 to 11, and reduced by the amounts specified in section 290.0132, subdivisions 2, 9, 10, 14, 15, 17, and 18.

**EFFECTIVE DATE.** This section is effective for taxable years beginning after December 31, 2018.

Sec. 2. Minnesota Statutes 2018, section 290.06, subdivision 2d, is amended to read:

Subd. 2d. **Inflation adjustment of brackets.** (a) For taxable years beginning after December 31, ~~2013~~ 2019, the minimum and maximum dollar amounts for each rate bracket for which a tax is imposed in subdivision 2c shall be adjusted for inflation by the percentage determined under paragraph (b). ~~For the purpose of making the adjustment as provided in this subdivision all of the rate brackets provided in subdivision 2c shall be the rate brackets as they existed for taxable years beginning after December 31, 2012, and before January 1, 2014.~~ The rate applicable to any rate bracket must not be changed. The dollar amounts setting forth the tax shall be adjusted to reflect the changes in the rate brackets. The rate brackets as adjusted must be rounded to the nearest \$10 amount. If the rate bracket ends in \$5, it must be rounded up to the nearest \$10 amount.

(b) The commissioner shall adjust the rate brackets and by the percentage determined pursuant to the provisions of section 1(f) of the Internal Revenue Code, except that in section 1(f)(3)(B) the word "~~2012~~" "2018" shall be substituted for the word "1992." For ~~2014~~ 2020, the commissioner shall then determine the percent change from the 12 months ending on August 31, ~~2012~~ 2018, to the 12 months ending on August 31, ~~2013~~ 2019, and in each subsequent year, from the 12 months ending on August 31, ~~2012~~ 2018, to the 12 months ending on August 31 of the year preceding the taxable year. The determination of the commissioner pursuant to this subdivision shall not be considered a "rule" and shall not be subject to the Administrative Procedure Act contained in chapter 14.

No later than December 15 of each year, the commissioner shall announce the specific percentage that will be used to adjust the tax rate brackets.

**EFFECTIVE DATE.** This section is effective for taxable years beginning after December 31, 2018.