

State of Minnesota
HOUSE OF REPRESENTATIVES

EIGHTY-NINTH SESSION

H. F. No. 2428

03/08/2016 Authored by Atkins

The bill was read for the first time and referred to the Committee on State Government Finance

1.1 A bill for an act
1.2 relating to taxation; providing for a study and report to the legislature;
1.3 appropriating money.
1.4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.5 Section 1. **FLAT TAX STUDY.**

1.6 (a) The commissioner of revenue shall study and prepare a report to the legislature
1.7 on options for replacing the individual income tax with a flat tax on income or consumed
1.8 income. All options to be studied must be revenue neutral and include a generous
1.9 exemption amount, an adjustment for family size, and a single tax rate. The study and
1.10 report must include, at a minimum, options that:

1.11 (1) follow the existing definitions of items of taxable income;
1.12 (2) expand the income tax base by eliminating exemptions, deductions, and credits;
1.13 and
1.14 (3) adopt a consumed income tax base.

1.15 (b) The report must evaluate the options following the basic tax policy principles
1.16 and include information on the change in the income distribution of the tax burdens that
1.17 would result and any additional information that the commissioner determines useful or
1.18 appropriate for the legislature to consider in evaluating the options.

1.19 (c) The report is due by January 3, 2017, and must be provided to the chairs and
1.20 ranking minority members of the committees of the house of representatives and senate with
1.21 jurisdiction over taxes and must be filed as required by Minnesota Statutes, section 3.195.

1.22 (d) \$..... in fiscal year 2017 is appropriated from the general fund to the
1.23 commissioner of revenue to prepare the study and report required by this section. This is a
1.24 onetime appropriation and does not become part of the budget base.

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