

## S.F. No. 2958 – Corporate AMT repeal; minimum fee repeal

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C corporations must calculate their tax under both the regular corporate franchise tax schedule and the corporate alternative minimum tax (AMT), which uses a broader tax base, and pay the tax on whichever is greater. Corporations and partnerships are also subject to a minimum fee if the sum of their Minnesota property, payroll and sales meets a threshold amount. This bill repeals the corporate AMT and the minimum fee and strikes cross references to the corporate AMT and the minimum fee in other sections of law, effective beginning in tax year 2022.

**Section 1. Posting, notice.** Strikes the reference to the minimum fee for purposes of the delinquent taxpayer posting. Effective for delinquencies for taxes first due in 2022 and thereafter.

**Section 2. Individual income, fiduciary income, mining company, corporate franchise, and entertainment taxes.** Strikes the reference to the minimum fee for purposes of taxes owed by partnerships. Effective beginning in tax year 2022.

**Section 3. Income taxes deducted in computing federal adjusted gross income.** Strikes the reference to the minimum fee for purposes of the Minnesota income tax addition required for certain deductions claimed in calculating federal adjusted gross income. Effective beginning in tax year 2022.

**Section 4. Taxes paid.** Strikes the reference to the minimum fee for purposes of the Minnesota corporate franchise tax addition required for certain deductions claimed in calculating federal tax liability. Effective beginning in tax year 2022.

**Section 5. Certain preferred stock losses.** Strikes the reference to corporate AMT for purposes of calculating capital losses. Effective beginning in tax year 2022.

**Section 6. Carryover credit.** Modifies the calculation of the carryover credit under the corporate AMT to reflect the repeal of the corporate AMT in tax year 2022. The carryover credit allows corporations that pay AMT in one year to claim a credit against regular tax in a later tax year. The bill would continue to allow carryover credits generated in years prior to tax year 2022 to be used in 2022 and later tax years. Effective beginning in tax year 2022.

**Section 7. Partners, not partnership, subject to tax.** Strikes the reference to the minimum fee for purposes of the calculation of tax liability for individual partners. Effective beginning in tax year 2022.

**Section 8. S Corporation.** Strikes the reference to the minimum fee for purposes of the definition of “S corporation” and the application of the income tax chapter. Effective beginning in tax year 2022.

**Section 9. Corporate franchise tax exemption.** Strikes references to the corporate AMT for purposes of the corporate AMT exemption for JOBZ businesses. Effective beginning in tax year 2022.

**Section 10. Repealer.** Repeals the corporate AMT except for the carryover credit and related provisions, and repeals the minimum fee. Effective beginning in tax year 2022.