

STATE OF MINNESOTA  
DEPARTMENT OF REVENUE  
INCOME TAX DIVISION

IN THE MATTER of the Proposed  
Repeal of Numerous Income Tax Rules  
of the Department of Revenue

STATEMENT OF NEED  
AND REASONABLENESS

This document has been prepared as a verbatim affirmative presentation of the facts necessary to establish the statutory authority, need for and reasonableness of the proposed repeal of the existing rules. It is submitted pursuant to Minnesota Statutes, Section 14.23, which requires that the agency prepare a Statement of Need and Reasonableness which shall be available to the public.

A Notice of Intent to Solicit Outside Opinion in the preparation of individual income tax rules was published in the State Register on January 29, 1979. An additional Notice of Intention to Solicit Outside Opinion was published in the State Register on July 6, 1981. This repeal of numerous existing income tax rules was submitted to those people who contacted us for their comment. A copy of the rules proposed for repeal was submitted to them on November 19, 1982. We asked that comments be submitted to us by December 17, 1982. Suggestions and comments that were received have been duly considered.

Authority to Repeal the Rules

Minnesota Statutes, Section 290.52 gives the Commissioner authority to establish rules for the income tax law. Implicit in the authority to establish rules is the ability to repeal unneeded rules.

Rule Repealers

Attached to this Statement of Need are several pages which explain why each rule is no longer needed and why it can now be repealed. Most of these rules are being repealed because the underlying law has been replaced by a cross-reference to federal

law. It is felt that the Department of Revenue does not need to have its own rules to interpret federal law. Some of these other rules are repealed because they no longer are needed, add nothing to existing law, merely copy existing law, are so outdated they add nothing of value and no longer are needed as a rule, or the underlying law was repealed during the 1982 legislative session.

The Department took a very conservative approach with respect to the repealer. Only when it was determined that an entire rule had no validity was it proposed for repeal. If a rule was mostly obsolete, but a small portion was currently valid, the rule was not proposed for repeal at this time. The Department does not intend any change in our policies or procedures by this repealer.

Rules Proposed for Repeal

See attached.

### Rules Proposed for Repeal

<u>Rule</u>	<u>Page</u>	<u>Reason for Repeal</u>
2002	17-18	Not needed--adds nothing to 290.02. Outdated in part in light of Laws 1982, Ch. 523, Art. I, Sec. 4 & 5.
2007(1)	36-38	Not needed--adds nothing to 290.07, subd. 1.
2007.1(1)	61	Not needed--adds nothing to 290.071, subd. 1.
2008(25)	179	Obsolete.
2009(2)16	199-200	Not needed and doesn't reflect law change in Laws 1982, Ch. 523, Art. V, Sec. 2.
2009(3)-1	200-201	Not needed--adds nothing to 290.09, subd. 3.
2009(5)-4	214	Not needed--adds nothing to 290.09, subd. 5(d).
2009(5)-5	214	Not needed--adds nothing to 290.09, subd. 5(e).
2009(5)-8	216A '65 Supp.	Not needed--adds nothing to 290.09, subd. 5(h).
2009(6)-5	221-223	Not needed--this determination is part of federal adjusted gross income.
2009(7)(B)(a)	259-261	Not needed in light of change to 290.09, subd. 7(B). See Laws 1982, Ch. 523, Art. XL, Sec. 4.
2009(10)	264-265	Not needed. 290.09, subd. 10 now cross-referenced to IRC Sec. 213. Laws 1981, First Special Session, Ch. 2, Sec. 23.
2009(16)	274-275	290.09, subd. 16 now cross-referenced to IRC Sec. 173. Laws 1982, Ch. 523, Art. I, Sec. 15.
2009(17)	275-279	290.09, subd. 17 now cross-referenced to IRC Sec. 216. Laws 1982, Ch. 523, Art. I, Sec. 16.
2009.5(1)	299-300	Not needed--adds nothing to 290.095, subd. 4.
2009.5(2)	300-301	Not needed--adds nothing to 290.095, subd. 3.
2009.5(3)	301-302	Not needed--adds nothing to 290.095, subd. 4.
2009.5(4)	302-304	Not needed--adds nothing to 290.095, subd. 4. Provision concerning individuals is part of federal adjusted gross income.
2010(6)	307	290.10(6) now cross-referenced to IRC Sec. 267. Laws 1982, Ch. 523, Art. I, Sec. 20.

<u>Rule</u>	<u>Page</u>	<u>Reason for Repeal</u>
2010(7)	307-308	290.10(7) now cross-referenced to IRC Sec. 267. Laws 1982, Ch. 523, Art. I, Sec. 20.
2013(1)	318-319	290.13, subd.1 now cross-referenced to IRC Sec. 1031, 1035, and 1036. Laws 1982, Ch. 523, Art. I, Sec. 21.
2013(2)	319	290.13, subd. 2 was repealed by Laws 1982, Ch. 523, Art. I, Sec. 72.
2013(5)-1	320	Not needed--adds nothing to 290.13, subd. 5.
2013(5)-2	320-324	Not needed--adds nothing to 290.13, subd. 5.
2013(5)-6	324-325	Not needed--adds nothing to 290.13, subd. 5.
2013(10)	325-326	290.13, subd. 10 was repealed by Laws 1982, Ch. 523, Art. I, Sec. 72.
2013.1(1)	326-331	290.131, subd. 1 now cross-referenced to IRC Sec. 301-307. Laws 1982, Ch. 523, Art. 1, Sec. 22.
2013.2(2)-6	359-361	290.132, subd. 2 was repealed by Laws 1982, Ch. 523, Art. I, Sec. 72.
2013.2(2)-7	361-363	290.132, subd. 2 was repealed by Laws 1982, Ch. 523, Art. I, Sec. 72.
2013.2(2)-8	364-365	290.132, subd. 2 was repealed by Laws 1982, Ch. 523, Art. I, Sec. 72.
2013.2(2)-9	365-368	290.132, subd. 2 was repealed by Laws 1982, Ch. 523, Art. I, Sec. 72.
2013.3(1)-1	371-372	290.133, subd. 1 now cross-referenced to IRC Sec. 316-318. Laws 1982, Ch. 523, Art. I, Sec. 24.
2013.3(1)-2	372-374	290.133, subd. 1 now cross-referenced to IRC Sec. 316-318. Laws 1982, Ch. 523, Art. I, Sec. 24.
2013.6(8)-2	432	290.136, subd. 8 is repealed by Laws 1982, Ch. 523, Art. I, Sec. 72.
2014	446	Not needed--adds nothing to 290.14.
2014(1)	446	Not needed--adds nothing to 290.14(1).
2014(2)	446	Not needed--adds nothing to 290.14(2).
2014(3)	446-447	Not needed--adds nothing to 290.14(3).

<u>Rule</u>	<u>Page</u>	<u>Reason for Repeal</u>
2014(5)	458-459	290.14(5) was repealed in Laws 1982, Ch. 523, Art. I, Sec. 26.
2014(6)	459	290.14(6) was cross-referenced to IRC Sec. 1091 in Laws 1982, Ch. 523, Art. I, Sec. 26.
2014(8)	460-461	Not needed--adds nothing to M.S. 1981 Supp. 290.14(7).
2016(1)	462-463	Not needed--adds nothing to 290.16, subd. 1.
2016(3)	463-465	Not needed--adds nothing and conflicts with 290.16, subd. 3.
2016(4)	465-466	Not needed--adds nothing and conflicts with 290.16, subd. 4.
2016(5)	466-467	Not needed--adds nothing and conflicts with 290.16, subd. 5.
2016(8)-1	473-474	Not needed--adds nothing to 290.16, subd. 8.
2016(9)	475-477	Not needed--adds nothing to 290.16, subd. 9.
2016(14)	487-489	Not needed--adds nothing to 290.16, subd. 14.
2017(1)	489-490	Not needed--adds nothing to 290.17, subd. 1 or subd. 2(1).
2017(4)	493	Not needed--adds nothing to 290.17, subd. 2(4).
2021(4)	505	Not needed--adds nothing to 290.21, subds. 5 & 6.
2026(1)	574	290.26, subd. 1 was repealed by Laws 1982, Ch. 523, Art. I, Sec. 72.
2026(2)	574-575	Not needed--adds nothing to 290.26, subd. 2.
2026(3)	575	290.26, subd. 3 was repealed by Laws 1982, Ch. 523, Art. I, Sec. 72.
2028.1(1)	580-581	290.281, subd. 1 is cross-referenced to IRC Sec. 584. Laws 1982, Ch. 523, Art. I, Sec. 32.
2028.1(2)	581	290.281, subd. 2 was repealed by Laws 1982, Ch. 523, Art. I, Sec. 72.
2028.1(3)	581-582	290.281, subd. 3 was repealed by Laws 1982, Ch. 523, Art. I, Sec. 72.
2028.1(4)	582	290.281, subd. 4 was repealed by Laws 1982, Ch. 523, Art. I, Sec. 72.
2028.1(5)	583	Not needed--adds nothing to 290.281, subd. 5.

<u>Rule</u>	<u>Page</u>	<u>Reason for Repeal</u>
2028.1(7)	583	290.281, subd. 1 is cross-referenced to IRC Sec. 584. Laws 1982, Ch. 523, Art. I, Sec. 32.
2029	583-584	Not needed--adds nothing to 290.29.
2031(1)	585-586	Not needed--adds nothing to 290.31, subd. 1.
2031(4)	590-608	290.31, subd. 4 is cross-referenced to IRC Sec. 704, 706-741, and 743-761. Laws 1982, Ch. 523, Art. I, Sec. 34.
2031(6)	611-618	290.31, subd. 6 was repealed by Laws 1982, Ch. 523, Art. I, Sec. 72.
2031(7)	618-620	290.31, subd. 7 was repealed by Laws 1982, Ch. 523, Art. I, Sec. 72.
2031(8)	620-624	290.31, subd. 8 was repealed by Laws 1982, Ch. 523, Art. I, Sec. 72.
2031(9)	624-625	290.31, subd. 9 was repealed by Laws 1982, Ch. 523, Art. I, Sec. 72.
2031(10)	625-626	290.31, subd. 10 was repealed by Laws 1982, Ch. 523, Art. I, Sec. 72.
2031(11)	626	290.31, subd. 11 was repealed by Laws 1982, Ch. 523, Art. I, Sec. 72.
2031(12)	627-629	290.31, subd. 12 was repealed by Laws 1982, Ch. 523, Art. I, Sec. 72.
2031(13)-1	629-635	290.31, subd. 13 was repealed by Laws 1982, Ch. 523, Art. I, Sec. 72.
2031(13)-2	635-637	290.31, subd. 13 was repealed by Laws 1982, Ch. 523, Art. I, Sec. 72.
2031(14)	638	290.31, subd. 14 was repealed by Laws 1982, Ch. 523, Art. I, Sec. 72.
2031(15)-1	638-640	290.31, subd. 15 was repealed by Laws 1982, Ch. 523, Art. I, Sec. 72.
2031(15)-2	640-641	290.31, subd. 15 was repealed by Laws 1982, Ch. 523, Art. I, Sec. 72.
2031(16)	641-642	290.31, subd. 16 was repealed by Laws 1982, Ch. 523, Art. I, Sec. 72.
2031(17)	642-649	290.31, subd. 17 was repealed by Laws 1982, Ch. 523, Art. I, Sec. 72.
2031(18)	649-650	290.31, subd. 18 was repealed by Laws 1982, Ch. 523, Art. I, Sec. 72.

<u>Rule</u>	<u>Page</u>	<u>Reason for Repeal</u>
2031(19)	650	Not needed--adds nothing to 290.31, subd. 19.
2031(20)	650-657	290.31, subd. 20 was repealed by Laws 1982, Ch. 523, Art. I, Sec. 72.
2031(21)	657-676	290.31, subd. 21 was repealed by Laws 1982, Ch. 523, Art. I, Sec. 72.
2031(22)	676-679	290.31, subd. 22 was repealed by Laws 1982, Ch. 523, Art. I, Sec. 72.
2031(23)	679-680	290.31, subd. 23 was repealed by Laws 1982, Ch. 523, Art. I, Sec. 72.
2031(24)	680-681	290.31, subd. 24 was repealed by Laws 1982, Ch. 523, Art. I, Sec. 72.
2031(25)	681-686	290.31, subd. 25 was repealed by Laws 1982, Ch. 523, Art. I, Sec. 72.
2031(26)	686-690	290.31, subd. 26 was repealed by Laws 1982, Ch. 523, Art. I, Sec. 72.
2032(1)	690-691	Not needed--adds nothing to 290.32(1).
2032(2)	691-693	Not needed--adds nothing to 290.32(2).
2033	693-694	Not needed--adds nothing to 290.33.
2034(2)	695	Not needed--adds nothing to 290.34, subd. 2.
2034(3)	696-697	Not needed--adds nothing to 290.34, subd. 3.
2036.1(2)	698-699	Not needed--adds nothing to 290.361, subd. 2.
2040(1)	707	Not needed--adds nothing to 290.40(1).
2040(2)	707-709	Not needed--adds nothing to 290.40(2).
2040(3)	709	Not needed--adds nothing to 290.40(3).
2041(2)	710-711	Not needed--adds nothing to 290.41, subd. 2.
2042(1)	712	Not needed--adds nothing to 290.42.
2042(6)	713	Not needed--adds nothing to 290.42(6).
2045(1)	714	Not needed--adds nothing to 290.45, subd. 1.
2045(4)	714	Not needed.
2049	714-715	Not needed--adds nothing to 290.49.
2050(1)	716-718	Not needed--adds nothing to 290.50, subd. 1.

<u>Rule</u>	<u>Page</u>	<u>Reason for Repeal</u>
2052(1)	719	Not needed.
2053(1)	721-723	Not needed--adds nothing to 290.53, subd. 1 and is outdated.
2053(2)	723-724	Not needed--adds nothing to 290.53, subd. 2.
2053(6)	724	Not needed--adds nothing to 270.07, subd. 1.
2056	724-725	Not needed--adds nothing to 290.56, subd. 1.
2057	725-726	Not needed--adds nothing to 290.57.
2065(2)	727-728	Not needed--adds nothing to 290.65, subd. 9-13 and is outdated after change made in Laws 1982, Ch. 523, Art. I, Sec. 48.
2065(3)	728-729	290.65, subd. 2-7 were repealed in Laws 1982, Ch. 523, Art. XL, Sec. 15.
2065(4)	729-731	Not needed--adds nothing to 290.65, subd. 9-13 and is outdated after change made in Laws 1982, Ch. 523, Art. I, Sec. 48.
2065(5)	731	Not needed--adds nothing to 290.42(6).
2065(8)	731-732	Not needed--adds nothing to 290.65, subd. 16. Also 290.65, subd. 15 was repealed by Laws 1980, Ch. 419, Sec. 46.
2092(4)	751-752	Not needed--adds nothing to 290.92, subd. 4.
2092(5)-1	754-757	Not needed--adds nothing to 290.92, subd. 5(1).
2092(5)-2	757-759	290.92, subd. 5(2) and (5) are cross-referenced to IRC Sec. 3402. Laws 1982, Ch. 523, Art. I, Sec. 52.
2092(5)-3	759	290.92, subd. 5(3) and (4) are cross-referenced to IRC Sec. 3402. Laws 1982, Ch. 523, Art. I, Sec. 52.
2092(5)-4	759	Not needed.
2092(6)	759-760	Not needed--adds nothing to 290.92, subd. 6(7)(b).
2093(5)	764-767	Not needed--adds nothing to 290.93, subd. 5.
2093(10)-1	769-771	Not needed--adds nothing to 290.93, subd. 10(1), (2), (3) and (5).
2093.3-1	775F '65 Supp.	Not needed--adds nothing to 290.933, subd. 1.
2093.3-2	775F-G '65 Supp.	Not needed--adds nothing to 290.933, subd. 2.



<u>Rule</u>	<u>Page</u>	<u>Reason for Repeal</u>
2093.4-1	775G '65 Supp.	Not needed--adds nothing to 290.934, subd. 1.
2093.4-3	775G-H '65 Supp.	Not needed--adds nothing to 290.934, subd. 3.