

**2015 Supplement to  
the Minnesota Tax Handbook**

This supplement to the 2014 Edition of the Minnesota Tax Handbook contains the major tax law changes enacted in 2015. The page references are to the 2014 Edition. Also included are the current rates for the major state taxes, the property tax class rates for taxes payable in 2016, and state tax collections for fiscal year 2015.

The 2014 Edition of the Minnesota Tax Handbook can be found on the Department of Revenue web site at [www.revenue.state.mn.us/research\\_stats/Pages/Tax\\_Handbooks.aspx](http://www.revenue.state.mn.us/research_stats/Pages/Tax_Handbooks.aspx)

Minnesota Department of Revenue  
Tax Research Division  
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**History of Major Changes**

STATE TAXES

**Individual Income Tax, Page 8**

2015 – Working family credit disallowed to full-year nonresidents.

**General Sales and Use Tax, Page 21**

2015 – Exemption for special taxing districts delayed (1/1/17).

**Rates of Major State Taxes  
As of January 1, 2016**

**Individual Income Tax: Tax Year 2016**

**Rates and Taxable Income Brackets**

	5.35%		7.05%		7.85%		9.85%
	up to		7.05%		7.85%		over
MJ	\$36,820	\$36,821-\$146,270		\$146,271-\$259,420		\$259,420	
MS	\$18,410	\$18,411- \$73,140		\$73,141-\$129,710		\$129,710	
S	\$25,180	\$25,181- \$82,740		\$82,741-\$155,650		\$155,650	
HH	\$31,010	\$31,011-\$124,600		\$124,601-\$207,540		\$207,540	

**Corporate Franchise Tax:** 9.8%

**General Sales and Use Tax:** 6.875%

**Liquor Gross Receipts Tax:** 2.5%

**Motor Vehicle Rental Tax:** 9.2%

**Motor Vehicle Rental Fee:** 5%

**Motor Vehicle Sales Tax:** 6.5%

**Highway Fuels Excise Taxes:** 28.5¢ per gallon

**Alcoholic Beverage Taxes**

Distilled spirits:	\$5.03 per gallon
Beer: more than 3.2% alcohol	\$4.60 per barrel
3.2% or less:	\$2.40 per barrel
Wine:	\$.30 - \$3.52 per gallon

**Cigarette Tax:** \$3.00 per pack of 20 cigarettes

**Tobacco Products Tax:** 95% of wholesale price

**Mortgage Registry Tax:** 0.23% of principal debt

**Deed Transfer Tax:** 0.33% of consideration

**MinnesotaCare Taxes:** 2% of gross revenues for health care providers, hospitals, surgical centers, and wholesale drug distributors.

**Motor Vehicle Registration Tax:** \$10 plus 1.25% of base value based on age for passenger cars, pickup trucks, and vans. Trucks, tractors, and buses based on type, weight, and age of the vehicle.

**State General Property Tax:** for taxes payable in 2016, 48.641% of the net tax capacity for commercial and industrial property; 21.167% for seasonal recreational property.

### Class Rates for Major Classes of Property for 2016

<u>Class and Type of Property</u>	<u>Net Class Rate</u>
1a Residential homestead	
First \$500,000 market value (MV)	1.0%
Over \$500,000 MV	1.25%
1b Homestead of blind or disabled	
First \$50,000 MV	0.45%
Excess is Class 1a or 2a	
1c Homestead resorts	
First \$600,000 MV	0.5%
Next \$1,700,000 MV	1.0%
Over \$2,300,000 MV	1.25% <sup>b</sup>
1d Seasonal farm worker housing - same as Class 1a	
2a Agricultural homestead	
House, garage, and one acre - same as Class 1a	
Remaining land and buildings	
First \$2,050,000 MV	0.5% <sup>a</sup>
Over \$2,050,000 MV	1.0% <sup>a</sup>
Nonhomestead agricultural land	1.0% <sup>a</sup>
2b Rural vacant land	1.0%
2c Managed forest land	0.65% <sup>a</sup>
2d Private airport	1.0% <sup>a</sup>
2e Unmined commercial aggregate deposit land	1.0% <sup>a</sup>
3a Commercial and industrial, utility real property	
First \$150,000 MV	1.5% <sup>b</sup>
Over \$150,000 MV	2.0% <sup>b</sup>
Public utility machinery	2.0% <sup>b</sup>
4a Apartments, 4 or more units; private hospitals	1.25%
4b Residential or farm nonhomestead, 2-3 units; manufactured homes	1.25%
4bb Residential or farm nonhomestead, 1 unit – same as Class 1a	
4c Commercial seasonal recreational residential – same as Class 1a <sup>b</sup>	
Nonprofit community service organization	1.5% <sup>b</sup>
Post-secondary student housing	1.0% <sup>a</sup>
Manufactured home parks	1.25%
Noncommercial seasonal recreational residential – Same as Class 1a <sup>a, b</sup>	
Qualifying golf courses	1.25%
4d Low-income rental housing	
First \$100,000 MV	0.75%
Over \$100,000 MV	0.25%
5 Unmined iron ore and low-grade iron ore	2.0% <sup>b</sup>
All other property	2.0%

<sup>a</sup>Exempt from school district referendum levies.

<sup>b</sup>Subject to state general property tax, except for electric generating public utility machinery and certain nonprofit community service organizations.

**Minnesota State Tax Collections Fiscal Year 2015  
All Funds - Net After Refunds**

	<b>FY 2015 Collections</b>	
	<b>Amount</b> (000's)	<b>% of Total</b>
Individual Income Tax	\$10,403,481	45.20%
Corporate Franchise Tax	1,455,275	6.32
Estate Tax	145,292	0.63
General Sales & Use Tax	5,385,412	23.40
Liquor Gross Receipts Tax	83,527	0.36
Motor Vehicle Rental Tax	25,195	0.11
Motor Vehicle Rental Fee	3,563	0.02
Motor Vehicle Sales Tax	695,084	3.02
Motor Fuels Excise Taxes	894,047	3.88
Alcoholic Beverage Taxes	84,939	0.37
Cigarette Taxes	567,795	2.47
Tobacco Products Taxes	92,103	0.40
Mortgage Registry Tax	107,373	0.47
Deed Transfer Tax	99,806	0.43
Lawful Gambling Taxes	48,990	0.21
Pari-mutuel Tax	516	*
Insurance Premiums Taxes	446,111	1.94
Health Care Surcharges	294,243	1.28
MinnesotaCare Taxes	554,750	2.41
Mining Occupation Taxes	15,811	0.07
State Property Tax	838,080	3.64
Contamination Tax	253	*
Motor Vehicle Registration Tax	686,433	2.98
Airflight Property Tax	8,081	0.03
Aircraft Registration Tax	3,648	0.02
Rural Electric Co-ops	51	*
Solid Waste Management Taxes	73,848	0.32
Metropolitan Landfill Fee	<u>3,748</u>	<u>0.02</u>
<b>Total</b>	<b>\$23,017,455</b>	<b>100.00%</b>

\* Less than .005%