

This Document can be made available in alternative formats upon request

State of Minnesota

HOUSE OF REPRESENTATIVES

NINETY-FOURTH SESSION

H. F. No. 4769

03/26/2026 Authored by Davids The bill was read for the first time and referred to the Committee on Taxes

1.1 A bill for an act
1.2 relating to taxation; apportionment of trade or business income; requiring foreign
1.3 sales factors in the apportionment percentage of certain taxpayers; amending
1.4 Minnesota Statutes 2024, sections 290.191, subdivision 2, by adding a subdivision;
1.5 290.21, subdivision 10.

1.6 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.7 Section 1. Minnesota Statutes 2024, section 290.191, subdivision 2, is amended to read:

1.8 Subd. 2. Apportionment formula of general application. (a) Except for those trades
1.9 or businesses required to use a different formula under subdivision 3 or section 290.36, and
1.10 for those trades or businesses that receive permission to use some other method under section
1.11 290.20 or under subdivision 4 listed in paragraph (c), a trade or business required to apportion
1.12 its net income must apportion its income to this state on the basis of the percentage obtained
1.13 by taking the sum of:

1.14 (1) the percent for the sales factor under paragraph (b) of the percentage which the sales
1.15 made within this state in connection with the trade or business during the tax period are of
1.16 the total sales wherever made in connection with the trade or business during the tax period;

1.17 (2) the percent for the property factor under paragraph (b) of the percentage which the
1.18 total tangible property used by the taxpayer in this state in connection with the trade or
1.19 business during the tax period is of the total tangible property, wherever located, used by
1.20 the taxpayer in connection with the trade or business during the tax period; and

1.21 (3) the percent for the payroll factor under paragraph (b) of the percentage which the
1.22 taxpayer's total payrolls paid or incurred in this state or paid in respect to labor performed

2.1 in this state in connection with the trade or business during the tax period are of the taxpayer's  
 2.2 total payrolls paid or incurred in connection with the trade or business during the tax period.

2.3 (b) For purposes of paragraph (a) and subdivision 3, the following percentages apply  
 2.4 for the taxable years specified:

2.5 Taxable years beginning	Sales factor	Property factor	Payroll factor
2.6 during calendar year	percent	percent	percent
2.7 2007	78	11	11
2.8 2008	81	9.5	9.5
2.9 2009	84	8	8
2.10 2010	87	6.5	6.5
2.11 2011	90	5	5
2.12 2012	93	3.5	3.5
2.13 2013	96	2	2
2.14 2014 and later calendar years	100	0	0

2.15 (c) Paragraphs (a) and (b) do not apply to a trade or business that:

2.16 (1) is required to use a different formula under subdivision 3 or section 290.36;

2.17 (2) received permission to use a different method under section 290.20; or

2.18 (3) includes foreign pro rata sales under subdivision 13, but only to the extent that the  
 2.19 inclusion is inconsistent with paragraphs (a) and (b).

2.20 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
 2.21 31, 2025.

2.22 Sec. 2. Minnesota Statutes 2024, section 290.191, is amended by adding a subdivision to  
 2.23 read:

2.24 **Subd. 13. Factor relief for global intangible low-taxed income.** (a) For purposes of  
 2.25 this subdivision, the following terms have the meanings given:

2.26 (1) notwithstanding any provision to the contrary in this section and section 290.17,  
 2.27 subdivision 4, "foreign pro rata sales" means a qualified controlled foreign corporation's  
 2.28 total sales factor, regardless of where the sales are made, multiplied by its foreign sales  
 2.29 ratio;

2.30 (2) "foreign sales ratio" means the amount of global intangible low-taxed income included  
 2.31 in a qualified shareholder's net income divided by the net income of the qualified controlled  
 2.32 foreign corporation;

3.1 (3) "global intangible low-taxed income" has the meaning given in section 951A of the  
3.2 Internal Revenue Code of 1986, as amended through May 1, 2023;

3.3 (4) "qualified controlled foreign corporation" means a controlled foreign corporation,  
3.4 as provided in section 975(a) of the Internal Revenue Code, owned in whole or in part by  
3.5 a qualified shareholder;

3.6 (5) "qualified manufacturer" means a qualified shareholder that is:

3.7 (i) primarily engaged in the business of manufacturing, which for purposes of this  
3.8 paragraph means the taxpayer's activities are classified under sector 31, 32, or 33 of the  
3.9 North American Industry Classification System; and

3.10 (ii) including global intangible low-taxed income in the taxpayer's net income; and

3.11 (6) "qualified shareholder" means the shareholder of a controlled foreign corporation  
3.12 that must include any amount of global intangible low-taxed income in the shareholder's  
3.13 gross income under section 951A of the Internal Revenue Code.

3.14 (b) A qualified manufacturer's foreign pro rata sales must be included in the  
3.15 manufacturer's sales factor for purposes of determining the denominator of the qualified  
3.16 manufacturer's apportionment percentage under this section.

3.17 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
3.18 31, 2025.

3.19 Sec. 3. Minnesota Statutes 2024, section 290.21, subdivision 10, is amended to read:

3.20 **Subd. 10. Global intangible low-taxed income.** Any amounts included in taxable income  
3.21 pursuant to section 951A of the Internal Revenue Code, are dividend income. This  
3.22 subdivision does not apply to a qualified manufacturer as defined in section 290.191,  
3.23 subdivision 13.

3.24 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
3.25 31, 2025.