

**Subject** Wealth tax established

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## Overview

H.F. 4616 establishes a tax on the wealth of individuals and trusts. The tax is imposed at a rate of one percent on all “taxable wealth” in excess of \$10,000,000. The bill limits “taxable wealth” to property with a situs in Minnesota.

## Summary

Section	Description
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1	<b>Wealth tax.</b>
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Establishes a one percent tax on all “taxable wealth” in excess of \$10,000,000. The tax applies to individuals and trusts.

**Subd. 1. Definitions.** Defines the following terms.

“Taxable wealth” is defined as the sum of all of a taxpayer’s real or personal, tangible or intangible property with a situs in Minnesota, minus the sum of all debts and financial obligations owed by the taxpayer.

“Situs of property” is defined as follows:

- For real property, the state or country in which the property is located.
- For tangible personal property, the state or country in which the property is kept.
- For intangible personal property, the state or country in which the taxpayer is domiciled, or of which the trust is a resident.

“Pass-through entity” is defined as an S corporation, partnership, single-member LLC, or trust, but excluding entities which are traded on an exchange regulated by the Securities and Exchange Commission.

**Subd. 2. Tax imposed.** Imposes a tax equal to one percent of a taxpayer’s taxable wealth in excess of \$10,000,000. The tax applies to individuals and trusts.

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**Subd. 3. Tax imposed is in addition to other taxes.** Specifies that the tax is in addition to other taxes imposed under chapter 290.

**Subd. 4. Property situs; nonresident ownership interests in pass-through businesses.** Specifies that for nonresident taxpayers with an ownership in pass-through entity that owns real and personal property, the pass-through entity is disregarded. If the entity has multiple owners, the property owned by the entity is divided among the owners based on their ownership percentage.

**Subd. 5. Determination of property values.** Specifies that property values are determined according to the rules for valuing property under the federal estate tax.



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