

Minnesota's Corporate Tax Revenues

Presented by

Dr. Laura Kalambokidis

Minnesota House Tax Committee

March 6, 2024

Economic and Revenue Outlook

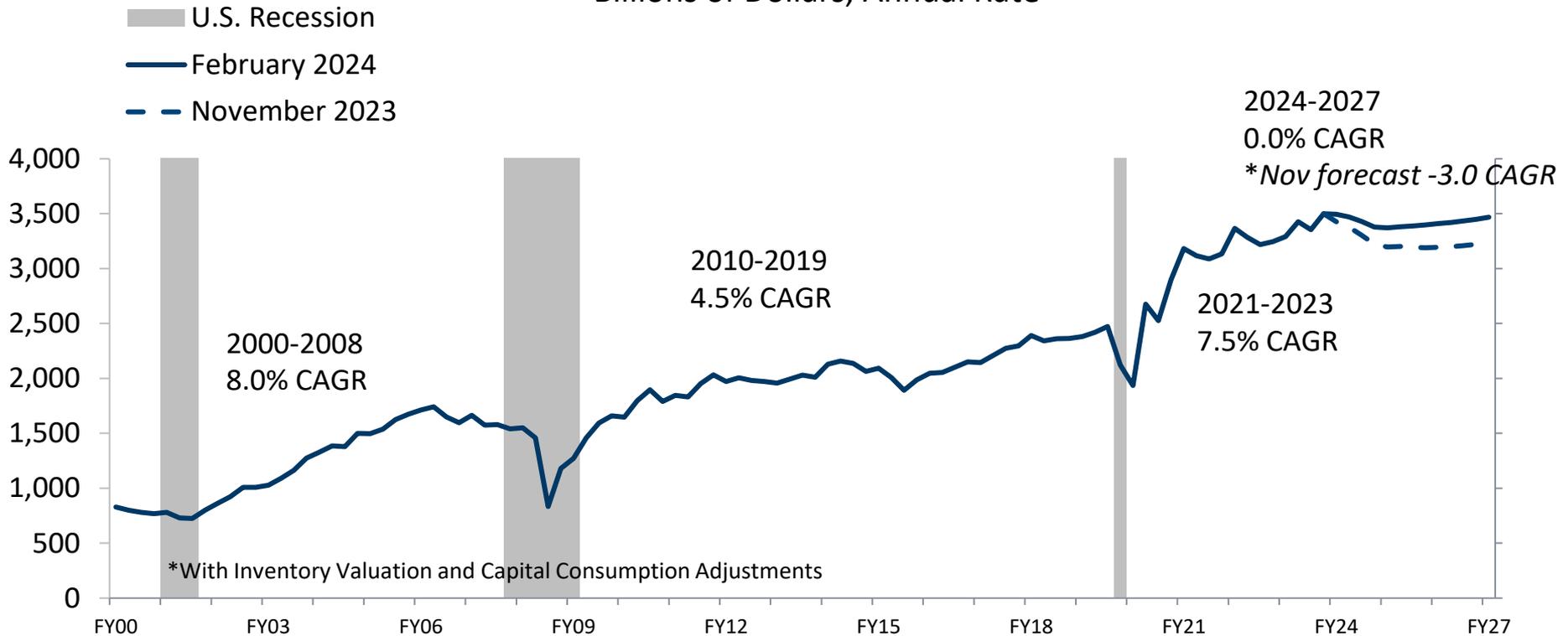
- U.S. Corporate Profits Forecast
- MN Corporate Franchise Tax Revenues Over Time
- Volatility of Corporate Franchise Tax Base



Corporate Profits Forecast Higher than in November

U.S. Corporate Profits Before Tax*

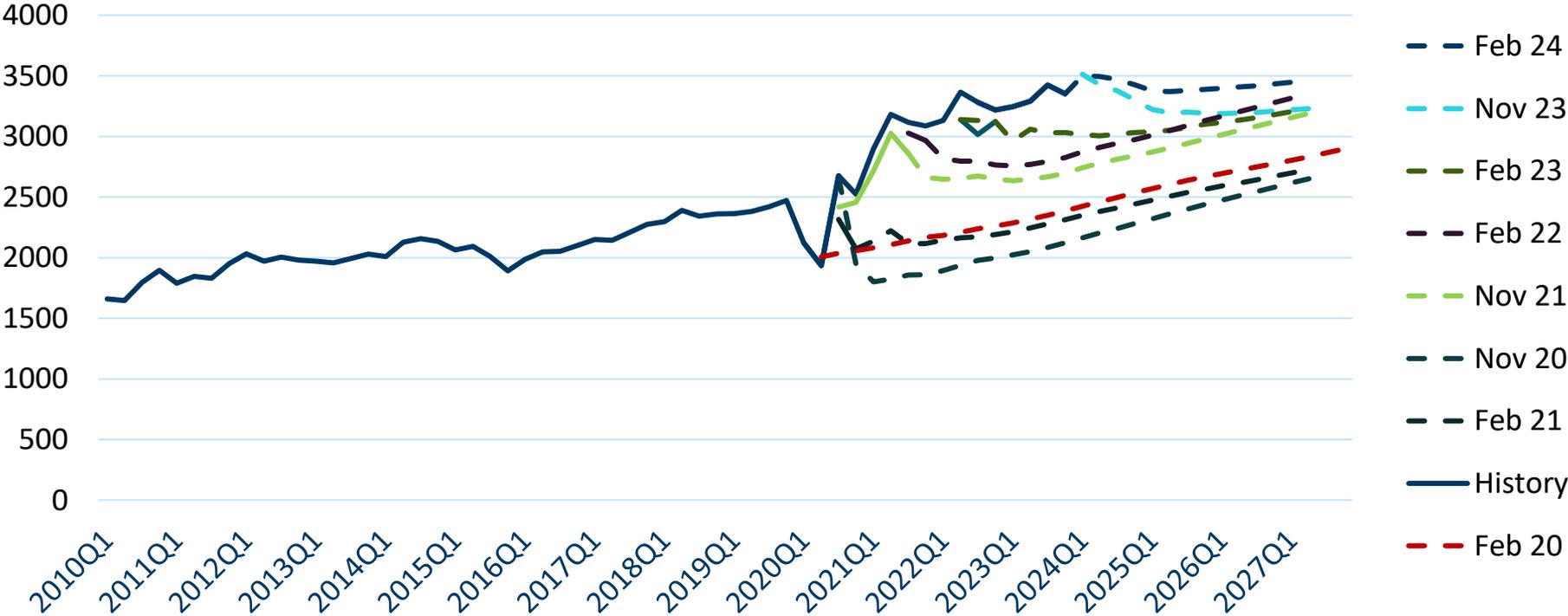
Billions of Dollars, Annual Rate



Source: U.S. Bureau of Economic Analysis (BEA); IHS Economics; Minnesota Management & Budget (MMB)

SPGMI Corporate Tax Profits Forecast Since 2020

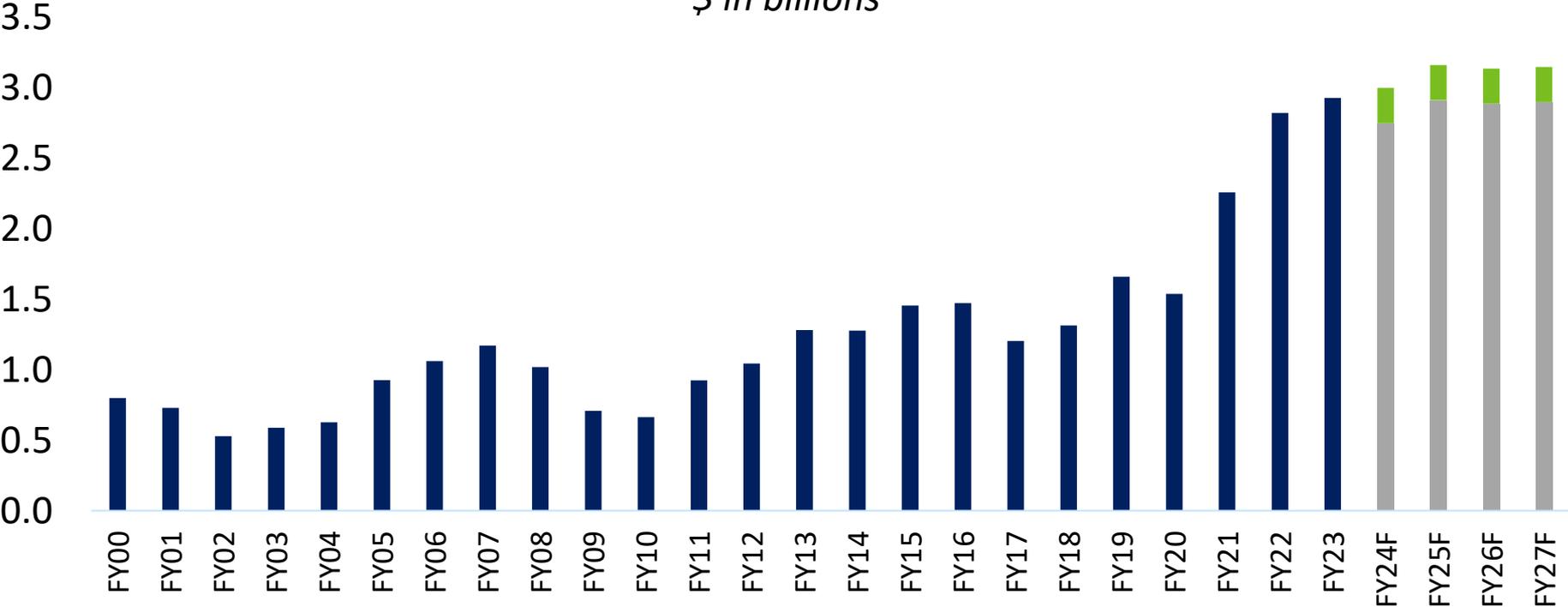
U.S. Corporate Profits Before Tax*
Billions of Dollars, Annual Rate



Source: SPGMI

Minnesota Corporate Tax Receipts by Fiscal Year

Minnesota Net Corporate Receipts
\$ in billions

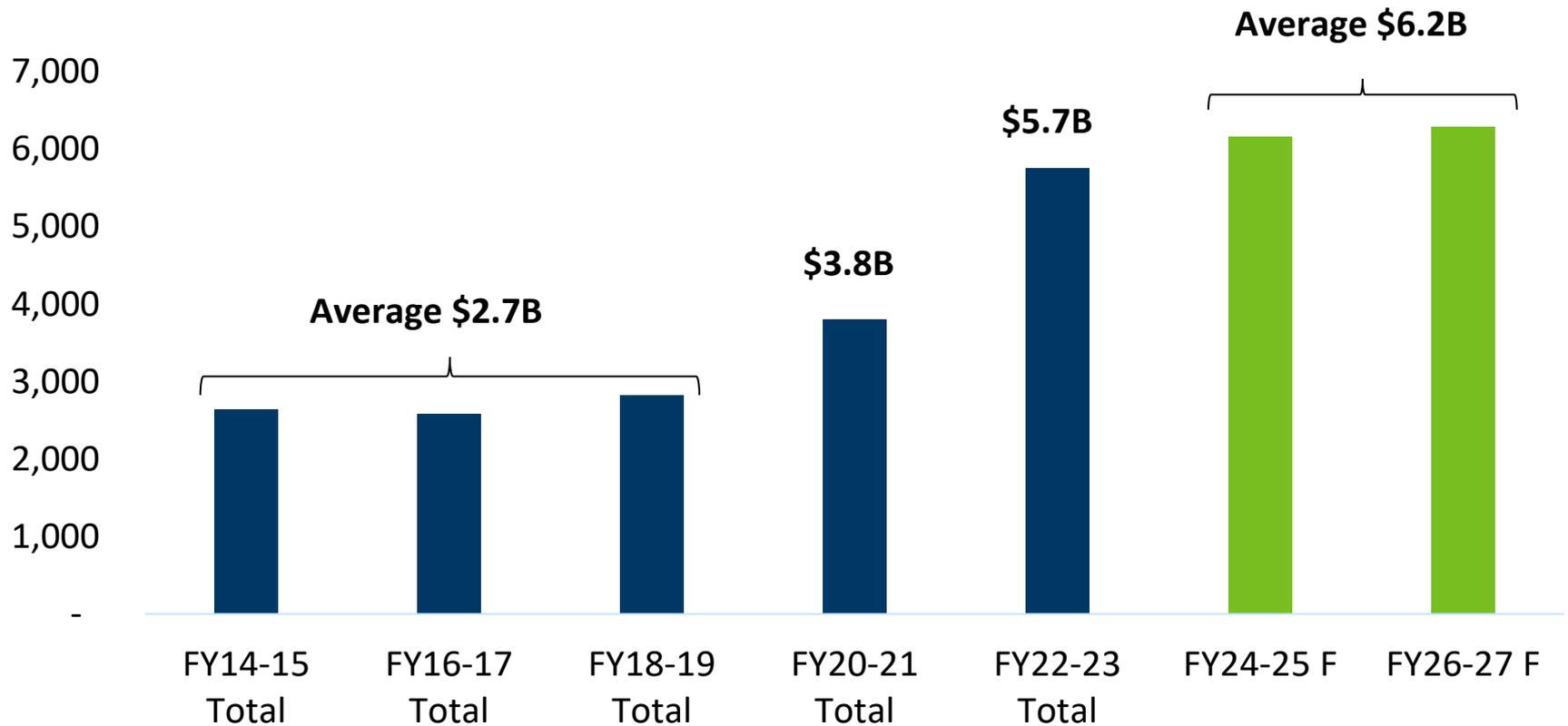


Source: Minnesota Management & Budget (MMB)

It took 16 years for total corporate tax receipts to double from \$1B to \$2B, from FY05 to FY21. If we exceed \$3B in FY24, it will have taken only 5 years to double, from FY20 to FY24. Green indicates the impact of legislative changes.

Minnesota's Biennial Corporate Tax Revenue

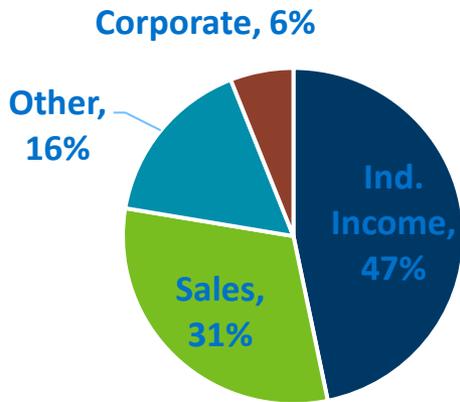
Biennial Receipts
Total Corporate Franchise Tax Receipts, *Millions*



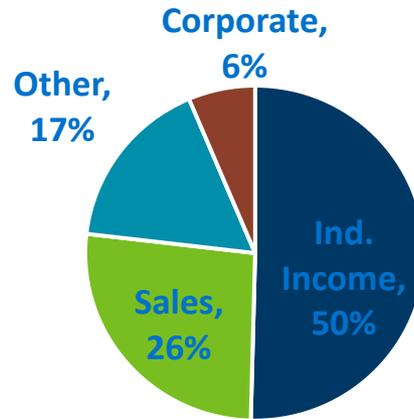
Source: MMB

Tax Shares in Minnesota's Revenue System

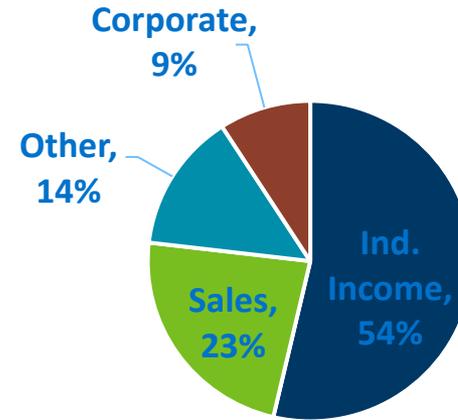
FY00-09



FY10-19



FY20-23



Source: Minnesota Management & Budget (MMB)

**History has been revised to shift revenue from S-Corp receipts, which are now predominantly Pass-Through Entity Tax receipts, out of Corporate Tax and into Individual Income Tax.*

Volatility of Minnesota's Tax Bases

