

HOUSE RESEARCH

Bill Summary

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Overview

Directs the commissioner of revenue to negotiate a new income tax reciprocity agreement with Wisconsin, and requires the agreement to provide for estimated payments for net revenue loss as a result of reciprocity to be made in the fiscal year in which the loss is incurred with a final payment with interest made in the next fiscal year. Eliminates the commissioner's authority to terminate reciprocity agreements.

1 **Income tax reciprocity.**

Subd. 1. Agreements with other states. Eliminates the commissioner's authority to terminate reciprocity agreements, and specifies that any reciprocity agreement with Wisconsin must require estimated payments of net revenue loss to be made from Wisconsin to Minnesota in the same fiscal year in which the loss occurred with a final payment with interest made in the next fiscal year. This would largely eliminate the payment time lag in effect for the reciprocity agreement with Wisconsin that was terminated following tax year 2009.

Subd. 2. New reciprocity agreement with Wisconsin. Directs the commissioner to initiate negotiations with Wisconsin, with the objective of entering into a new reciprocity agreement that would be effective for tax year 2012.

Effective date: Subdivision 2 is effective following final enactment, and subdivision 1 is effective when a new agreement with Wisconsin is reached.