

Subject PTE tax extended

Authors Davids

Analyst Chris Kleman

Date March 2, 2026

## Overview

HF 3127 would extend the expiration date for the state's pass-through entity tax (PTET) through tax year 2027. The expiration is currently tied to the previous federal law that expired the limit (the SALT cap) on deducting state and local taxes beginning in tax year 2026. The SALT cap was currently amended by the One Big Beautiful Bill Act (Public Law 119-21) and is still effective federally.

The PTET allows pass-through businesses to file and pay an entity-level tax, which allows them to claim a higher deduction for their state business income tax than what would otherwise be allowed under the federal SALT cap.

## Summary

Section	Description
1	<p><b>Pass-through entity tax.</b></p> <p>Extends the expiration date for the PTET through tax year 2027.</p> <p>Effective date: Retroactive to January 1, 2026.</p>
2	<p><b>Pass-through entity tax paid to another state.</b></p> <p>Conforming change to section 1, amending the section of law related to the credit allowed for a PTET paid to another state.</p> <p>Effective date: Retroactive to January 1, 2026.</p>
3	<p><b>Revival and reenactment.</b></p> <p>Revives and reenacts the PTET.</p> <p>Effective date: Day following final enactment.</p>



**MN HOUSE  
RESEARCH**

*Minnesota House Research Department provides nonpartisan legislative, legal, and information services to the Minnesota House of Representatives. This document can be made available in alternative formats.*

[www.house.mn.gov/hrd](http://www.house.mn.gov/hrd) | 651-296-6753 | Third Floor, Centennial Office Building | St. Paul, MN 55155