

**Individual Income Tax
Two New Top Brackets & Rates: 8.8% & 10.8%**

	FY 2012	FY 2013	2012-2013 Biennium
General Fund	\$673,300	\$570,000	\$1,243,300

Effective for tax years beginning after December 31, 2010

This proposal adds two new top brackets at rates of 8.8% and 10.8% starting in tax year 2011. The 8.8% bracket is set at \$150,000 for married joint filers, \$75,000 for married separate filers, and \$130,000 for single and head of household filers. The top 10.8% bracket is set at \$500,000 for married joint filers, \$250,000 for married separate filers, and \$430,000 for single and head of household filers. The two new brackets are not adjusted yearly for inflation although the bottom brackets are adjusted for inflation in keeping with current law. The tax year impact is as follows:

Tax Year Impact	
(\$000s)	
TY 2011	\$494,900
TY 2012	\$534,800
TY 2013	\$577,900

- The House Income Tax Simulation (HITS 5.8) Model was used to estimate the tax year revenue impact.
- These simulations assume the same economic conditions used by the Minnesota Department of Management and Budget for the forecast published in February 2010. The model uses a stratified sample of 2007 individual income tax returns compiled by the Minnesota Department of Revenue.
- All of tax year 2011 was allocated to fiscal year 2012. In allocating other tax years to fiscal years, a standard formula was applied.
- The current version of the HITS Model does not go beyond tax year 2013. The Model will be updated after the November 2010 forecast.

Number of Taxpayers: For tax year 2011 an estimated 98,200 returns would receive an increase in tax at an average of \$5,040 per return.

Minnesota Department of Revenue
Tax Research Division
September 9, 2010

**Individual Income Tax
Two New Top Brackets & Rates: 9.5% & 10.8%**

	FY 2012	FY 2013	2012-2013 Biennium
General Fund	\$780,500	\$659,500	\$1,440,000

Effective for tax years beginning after December 31, 2010

This proposal adds two new top brackets at rates of 9.5% and 10.8% starting in tax year 2011. The 9.5% bracket is set at \$150,000 for married joint filers, \$75,000 for married separate filers, and \$130,000 for single and head of household filers. The top 10.8% bracket is set at \$500,000 for married joint filers, \$250,000 for married separate filers, and \$430,000 for single and head of household filers. The two new brackets are not adjusted yearly for inflation although the bottom brackets are adjusted for inflation in keeping with current law. The tax year impact is as follows:

Tax Year Impact	
(\$000s)	
TY 2011	\$572,100
TY 2012	\$618,300
TY 2013	\$668,000

- The House Income Tax Simulation (HITS 5.8) Model was used to estimate the tax year revenue impact.
- These simulations assume the same economic conditions used by the Minnesota Department of Management and Budget for the forecast published in February 2010. The model uses a stratified sample of 2007 individual income tax returns compiled by the Minnesota Department of Revenue.
- All of tax year 2011 was allocated to fiscal year 2012. In allocating other tax years to fiscal years, a standard formula was applied.
- The current version of the HITS Model does not go beyond tax year 2013. The Model will be updated after the November 2010 forecast.

Number of Taxpayers: For tax year 2011 an estimated 98,800 returns would receive an increase in tax at an average of \$5,790 per return.

Minnesota Department of Revenue
Tax Research Division
September 9, 2010

**Individual Income Tax
New Top Bracket & Rate: 10.8%**

	FY 2012	FY 2013	2012-2013 Biennium
		(\$000s)	
General Fund	\$980,300	\$826,400	\$1,806,700

Effective for tax years beginning after December 31, 2010

This proposal adds a new top bracket at a rate of 10.8% starting in tax year 2011. The 10.8% bracket is set at \$150,000 for married joint filers, \$75,000 for married separate filers, and \$130,000 for single and head of household filers. The new bracket is not adjusted yearly for inflation although the bottom brackets are adjusted for inflation in keeping with current law. The tax year impact is as follows:

Tax Year Impact	
(\$000s)	
TY 2011	\$716,000
TY 2012	\$773,900
TY 2013	\$836,200

- The House Income Tax Simulation (HITS 5.8) Model was used to estimate the tax year revenue impact.
- These simulations assume the same economic conditions used by the Minnesota Department of Management and Budget for the forecast published in February 2010. The model uses a stratified sample of 2007 individual income tax returns compiled by the Minnesota Department of Revenue.
- All of tax year 2011 was allocated to fiscal year 2012. In allocating other tax years to fiscal years, a standard formula was applied.
- The current version of the HITS Model does not go beyond tax year 2013. The Model will be updated after the November 2010 forecast.

Number of Taxpayers: For tax year 2011 an estimated 99,300 returns would receive an increase in tax at an average of \$7,210 per return.

Minnesota Department of Revenue
Tax Research Division
September 9, 2010

Rates 10.8% / mjr

**Individual Income Tax
New Top Bracket & Rate: 10.95%**

	FY 2012	FY 2013	2012-2013 Biennium
General Fund	\$1,030,500	\$868,800	\$1,899,300

Effective for tax years beginning after December 31, 2010

This proposal adds a new top bracket at a rate of 10.95% starting in tax year 2011. The 10.95% bracket is set at \$150,000 for married joint filers, \$75,000 for married separate filers, and \$130,000 for single and head of household filers. The new bracket is not adjusted yearly for inflation although the bottom brackets are adjusted for inflation in keeping with current law. The tax year impact is as follows:

Tax Year Impact	
(\$000s)	
TY 2011	\$752,800
TY 2012	\$813,600
TY 2013	\$879,100

- The House Income Tax Simulation (HITS 5.8) Model was used to estimate the tax year revenue impact.
- These simulations assume the same economic conditions used by the Minnesota Department of Management and Budget for the forecast published in February 2010. The model uses a stratified sample of 2007 individual income tax returns compiled by the Minnesota Department of Revenue.
- All of tax year 2011 was allocated to fiscal year 2012. In allocating other tax years to fiscal years, a standard formula was applied.
- The current version of the HITS Model does not go beyond tax year 2013. The Model will be updated after the November 2010 forecast.

Number of Taxpayers: For tax year 2011 an estimated 99,400 returns would receive an increase in tax at an average of \$7,573 per return.

Minnesota Department of Revenue
Tax Research Division
September 9, 2010

Rates 10.95% / mjr