



OFFICE OF GOVERNOR MARK DAYTON

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A Fair Playing Field for All Businesses

Cutting Corporate Taxes and Closing Tax Loopholes

Special tax breaks pick winners and losers. Eliminating tax loopholes for some businesses will pay for a permanent tax rate cut for all businesses. Governor Dayton's budget cuts the corporate tax rate by 14% – the largest corporate tax cut in 26 years. It pays for that tax cut by eliminating unfair corporate tax loopholes, repealing the subtraction for foreign royalties and foreign operating corporations (FOCs).

Background

Right now, Minnesota's corporate tax rate is the fourth highest in the country at 9.8%. For businesses considering moving to or expanding in Minnesota, this rate can send a misleading signal about Minnesota's business climate. The Governor's budget makes Minnesota a more attractive place to start or grow a business by taking our corporate tax rate out of the top ten in the country.

Making Minnesota More Competitive

» **Largest Corporate Rate Cut in 26 Years.** The Governor's budget cuts the corporate tax rate by 14%, reducing it from 9.8% to 8.4%. The last time the corporate rate was cut so dramatically was 1987. All 35,000 corporations in Minnesota will see a direct tax rate reduction under this proposal.

» **Leveling the Playing Field.** Special tax breaks pick winners and losers. The Governor's budget uses the revenue generated from eliminating corporate loopholes for some businesses to lower the tax rate for all Minnesota businesses.

» **Competing with Other States for Business Growth.** Cutting the corporate tax rate by 14% makes our state a more competitive place to do business. Minnesota will no longer have the fourth-highest corporate tax rate in the country.

Corporate Taxes by the Numbers

35,000	Number of Minnesota corporate entities seeing a rate reduction
14%	Governor Dayton's historic tax rate reduction for businesses
8.4%	Minnesota's new corporate tax rate, reduced from 9.8%
99%	Share of revenue from eliminating loopholes that will pay for tax cut in order to reduce the corporate tax rate for all businesses