

MEMO# 6980

June 1, 1995

MINNESOTA DROPS PROPOSAL TO REVOKE TAX EXEMPTION FOR STATE BONDS

June 1, 1995 TO: TAX COMMITTEE No. 21-95 MINNESOTA MEMBERS RE: MINNESOTA DROPS
PROPOSAL TO REVOKE TAX EXEMPTION FOR STATE BONDS

_____ As we
previously informed you, this spring the Minnesota House of Representatives approved legislation that would have eliminated the exemption from state income tax for interest earned on bonds issued after June 30, 1995 by the State of Minnesota. The legislation, which was an amendment to an Omnibus Tax Bill, would not have altered the state tax exemption for bonds issued by Minnesota local governments or agencies and would have had no effect on any bond's federal tax exemption. The conference committee that reconciled differences between the House passed version of the Omnibus Tax Bill and the version approved by the Minnesota Senate, which did not contain any provisions effecting state or local bonds, agreed to eliminate the amendment. Both houses of the legislature passed the revised bill and shortly thereafter the legislature adjourned for the year. Thus, the proposal has been defeated for this year. We will keep you informed of developments.
Peter J. Cinquegrani Assistant Counsel - Tax