



HENSON EFRON

Re: 2014 Changes to Minnesota Estate Laws and Repeal of Minnesota Gift Tax

Dear Clients and Friends:

The Minnesota Legislature recently passed, and the Governor has signed, House Bill 1777 (the “tax bill”). The purpose of this letter is to highlight a few provisions concerning the estate and gift tax changes in the tax bill. It:

- Increases the Minnesota estate tax exemption from \$1,000,000 per person to \$1,200,000 per person for 2014. Note, the federal estate tax exemption for 2014 is \$5,340,000.
- Gradually increases the Minnesota estate tax exemption by \$200,000 annually to \$2,000,000 for 2018.
- Simplifies tax rates and how the estate tax is calculated.
- Taxable estates now will owe less state estate tax than under prior law. For 2014, the state estate tax rate imposed on estates over the exemption amount is between 9% and 16%.
- From 2015 to 2018, the tax rate imposed on amounts over the applicable exemption amount is between 10% and 16%.
- Authorizes a marital deduction in certain instances not allowed under prior Minnesota law.
- Retroactively repeals the Minnesota gift tax enacted last year on certain gifts made after July 1, 2013.
- Includes certain gifts made within three years of death in the calculation of the Minnesota estate tax.

We expect many of our clients and friends may want to revisit their estate plans to address these and other tax changes. We look forward to hearing from you.

Yours truly,

H&E Estate Planning, Probate, and Trust Administration Department

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This letter does not provide a comprehensive statement of the law and is meant as a basic summary. For information specific to you, please contact us.

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