

**SENATE
STATE OF MINNESOTA
NINETY-SECOND SESSION**

S.F. No. 2369

(SENATE AUTHORS: PORT, McEwen and Murphy)

DATE
04/06/2021

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Introduction and first reading
Referred to Taxes

OFFICIAL STATUS

1.1 A bill for an act
1.2 relating to taxation; individual income; disallowing the itemized deduction for
1.3 mortgage interest on a second home; appropriating money for the home ownership
1.4 assistance program; amending Minnesota Statutes 2020, section 290.0122,
1.5 subdivision 5.

1.6 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.7 Section 1. Minnesota Statutes 2020, section 290.0122, subdivision 5, is amended to read:

1.8 Subd. 5. **Interest.** A taxpayer is allowed a deduction for interest. The deduction equals
1.9 the amount allowed to the taxpayer as interest paid or accrued during the taxable year under
1.10 section 163 of the Internal Revenue Code with the following exceptions:

1.11 (1) qualified residence interest excludes home equity interest;

1.12 (2) acquisition indebtedness must not exceed \$750,000, or \$375,000 for a married
1.13 separate return, for indebtedness incurred on or after December 16, 2017; ~~and~~

1.14 (3) mortgage insurance premiums treated as interest under section 163(h)(3)(E) are not
1.15 interest for the purposes of this subdivision; and

1.16 (4) qualified residence interest under section 163(h)(3) is limited to interest paid or
1.17 accrued on a principal residence, as defined in section 163(h)(4)(A)(i)(I), and excludes any
1.18 other residence allowed under section 163(h)(4)(A)(i)(II).

1.19 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
1.20 31, 2020.

2.1 Sec. 2. **APPROPRIATION; HOME OWNERSHIP ASSISTANCE PROGRAM.**

2.2 \$..... in fiscal year 2022 and \$..... in fiscal year 2023 are appropriated from the general
2.3 fund to the commissioner of the Minnesota Housing Finance Agency for the home ownership
2.4 assistance program under Minnesota Statutes, section 462A.21, subdivision 8.