

SENATE
STATE OF MINNESOTA
NINETY-FIRST SESSION

S.F. No. 2668

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DATE
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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; increasing the standard deduction; amending
- 1.3 Minnesota Statutes 2018, section 290.01, subdivision 19.
- 1.4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:
- 1.5 Section 1. Minnesota Statutes 2018, section 290.01, subdivision 19, is amended to read:
- 1.6 Subd. 19. **Net income.** The term "net income" means the federal taxable income, as
- 1.7 defined in section 63 of the Internal Revenue Code of 1986, as amended through the date
- 1.8 named in this subdivision, incorporating the federal effective dates of changes to the Internal
- 1.9 Revenue Code and any elections made by the taxpayer in accordance with the Internal
- 1.10 Revenue Code in determining federal taxable income for federal income tax purposes, and
- 1.11 with the modifications provided in sections 290.0131 to 290.0136.
- 1.12 In the case of a regulated investment company or a fund thereof, as defined in section
- 1.13 851(a) or 851(g) of the Internal Revenue Code, federal taxable income means investment
- 1.14 company taxable income as defined in section 852(b)(2) of the Internal Revenue Code,
- 1.15 except that:
- 1.16 (1) the exclusion of net capital gain provided in section 852(b)(2)(A) of the Internal
- 1.17 Revenue Code does not apply;
- 1.18 (2) the deduction for dividends paid under section 852(b)(2)(D) of the Internal Revenue
- 1.19 Code must be applied by allowing a deduction for capital gain dividends and exempt-interest
- 1.20 dividends as defined in sections 852(b)(3)(C) and 852(b)(5) of the Internal Revenue Code;
- 1.21 and

(3) the deduction for dividends paid must also be applied in the amount of any undistributed capital gains which the regulated investment company elects to have treated as provided in section 852(b)(3)(D) of the Internal Revenue Code.

The net income of a real estate investment trust as defined and limited by section 856(a), (b), and (c) of the Internal Revenue Code means the real estate investment trust taxable income as defined in section 857(b)(2) of the Internal Revenue Code.

The net income of a designated settlement fund as defined in section 468B(d) of the Internal Revenue Code means the gross income as defined in section 468B(b) of the Internal Revenue Code.

The Internal Revenue Code of 1986, as amended through December 16, 2016, shall be in effect for taxable years beginning after December 31, 1996-, except that the standard deduction amounts under section 63 of the Internal Revenue Code are as follows:

(i) for married taxpayers filing a joint return and surviving spouses, the standard deduction is \$15,300;

(ii) for head-of-household taxpayers, the standard deduction is \$11,200; and

(iii) for all other taxpayers, the standard deduction is \$7,650.

Except as otherwise provided, references to the Internal Revenue Code in this subdivision and sections 290.0131 to 290.0136 mean the code in effect for purposes of determining net income for the applicable year.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2018.