

SENATE
STATE OF MINNESOTA
NINETY-SECOND SESSION

S.F. No. 4415

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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; income; providing a subtraction for dispositions of certain
1.3 depreciable realty; amending Minnesota Statutes 2020, sections 290.0132, by
1.4 adding a subdivision; 290.0134, by adding a subdivision; 290.091, subdivision 2.

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

1.6 Section 1. Minnesota Statutes 2020, section 290.0132, is amended by adding a subdivision
1.7 to read:

1.8 Subd. 31. Dispositions of certain depreciable realty. The amount of gain from the
1.9 disposition of section 1250 property, as calculated under section 1250(a) of the Internal
1.10 Revenue Code, is a subtraction, provided that the property is a manufactured home park
1.11 classified as 4c(5)(ii) or 4c(5)(iii) under section 273.13, subdivision 25, and is sold to a
1.12 manufactured home park cooperative, as defined under section 273.124, subdivision 3a.

1.13 EFFECTIVE DATE. This section is effective for dispositions made in taxable years
1.14 beginning after December 31, 2021.

1.15 Sec. 2. Minnesota Statutes 2020, section 290.0134, is amended by adding a subdivision
1.16 to read:

1.17 Subd. 20. Dispositions of certain depreciable realty. The amount of gain from the
1.18 disposition of section 1250 property, as calculated under section 1250(a) of the Internal
1.19 Revenue Code, is a subtraction, provided that the property is a manufactured home park
1.20 classified as 4c(5)(ii) or 4c(5)(iii) under section 273.13, subdivision 25, and is sold to either
1.21 a manufactured home park cooperative, as defined under section 273.124, subdivision 3a,
1.22 or a nonprofit corporation, as defined under section 273.124, subdivision 4.

2.1 **EFFECTIVE DATE.** This section is effective for dispositions made in taxable years
2.2 beginning after December 31, 2021.

2.3 Sec. 3. Minnesota Statutes 2020, section 290.091, subdivision 2, is amended to read:

2.4 Subd. 2. **Definitions.** For purposes of the tax imposed by this section, the following
2.5 terms have the meanings given.

2.6 (a) "Alternative minimum taxable income" means the sum of the following for the taxable
2.7 year:

2.8 (1) the taxpayer's federal alternative minimum taxable income as defined in section
2.9 55(b)(2) of the Internal Revenue Code;

2.10 (2) the taxpayer's itemized deductions allowed in computing federal alternative minimum
2.11 taxable income, but excluding:

2.12 (i) the charitable contribution deduction under section 170 of the Internal Revenue Code;

2.13 (ii) the medical expense deduction;

2.14 (iii) the casualty, theft, and disaster loss deduction; and

2.15 (iv) the impairment-related work expenses of a person with a disability;

2.16 (3) for depletion allowances computed under section 613A(c) of the Internal Revenue
2.17 Code, with respect to each property (as defined in section 614 of the Internal Revenue Code),
2.18 to the extent not included in federal alternative minimum taxable income, the excess of the
2.19 deduction for depletion allowable under section 611 of the Internal Revenue Code for the
2.20 taxable year over the adjusted basis of the property at the end of the taxable year (determined
2.21 without regard to the depletion deduction for the taxable year);

2.22 (4) to the extent not included in federal alternative minimum taxable income, the amount
2.23 of the tax preference for intangible drilling cost under section 57(a)(2) of the Internal Revenue
2.24 Code determined without regard to subparagraph (E);

2.25 (5) to the extent not included in federal alternative minimum taxable income, the amount
2.26 of interest income as provided by section 290.0131, subdivision 2;

2.27 (6) the amount of addition required by section 290.0131, subdivisions 9, 10, and 16;

2.28 (7) the deduction allowed under section 199A of the Internal Revenue Code, to the extent
2.29 not included in the addition required under clause (6); and

3.1 (8) to the extent not included in federal alternative minimum taxable income, the amount
3.2 of foreign-derived intangible income deducted under section 250 of the Internal Revenue
3.3 Code;

3.4 less the sum of the amounts determined under the following:

3.5 (i) interest income as defined in section 290.0132, subdivision 2;

3.6 (ii) an overpayment of state income tax as provided by section 290.0132, subdivision
3.7 3, to the extent included in federal alternative minimum taxable income;

3.8 (iii) the amount of investment interest paid or accrued within the taxable year on
3.9 indebtedness to the extent that the amount does not exceed net investment income, as defined
3.10 in section 163(d)(4) of the Internal Revenue Code. Interest does not include amounts deducted
3.11 in computing federal adjusted gross income;

3.12 (iv) amounts subtracted from federal taxable or adjusted gross income as provided by
3.13 section 290.0132, subdivisions 7, 9 to 15, 17, 21, 24, and 26 to 29, and 31;

3.14 (v) the amount of the net operating loss allowed under section 290.095, subdivision 11,
3.15 paragraph (c); and

3.16 (vi) the amount allowable as a Minnesota itemized deduction under section 290.0122,
3.17 subdivision 7.

3.18 In the case of an estate or trust, alternative minimum taxable income must be computed
3.19 as provided in section 59(c) of the Internal Revenue Code, except alternative minimum
3.20 taxable income must be increased by the addition in section 290.0131, subdivision 16.

3.21 (b) "Investment interest" means investment interest as defined in section 163(d)(3) of
3.22 the Internal Revenue Code.

3.23 (c) "Net minimum tax" means the minimum tax imposed by this section.

3.24 (d) "Regular tax" means the tax that would be imposed under this chapter (without regard
3.25 to this section and section 290.032), reduced by the sum of the nonrefundable credits allowed
3.26 under this chapter.

3.27 (e) "Tentative minimum tax" equals 6.75 percent of alternative minimum taxable income
3.28 after subtracting the exemption amount determined under subdivision 3.

3.29 **EFFECTIVE DATE.** This section is effective for dispositions made in taxable years
3.30 beginning after December 31, 2021.