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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETY-THIRD SESSION

H. F. No. 5405

04/24/2024 Authored by Baker
The bill was read for the first time and referred to the Committee on Taxes

1.1 A bill for an act
1.2 relating to taxation; individual income and corporate franchise; providing a
1.3 subtraction from income for certain commercial loans issued by financial
1.4 institutions; amending Minnesota Statutes 2022, sections 290.0132, by adding a
1.5 subdivision; 290.0134, by adding a subdivision.

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

1.7 Section 1. Minnesota Statutes 2022, section 290.0132, is amended by adding a subdivision
1.8 to read:

1.9 Subd. 36. Commercial loans for business or agricultural purposes. For a financial
1.10 institution that is an S corporation, the amount of income from a commercial loan is a
1.11 subtraction if:

1.12 (1) the value of the loan is \$5,000,000 or less; and

1.13 (2) the loan was provided to a person residing or located in this state and used primarily
1.14 for a business or agricultural purpose.

1.15 EFFECTIVE DATE. This section is effective for taxable years beginning after December
1.16 31, 2023.

1.17 Sec. 2. Minnesota Statutes 2022, section 290.0134, is amended by adding a subdivision
1.18 to read:

1.19 Subd. 21. Commercial loans for business or agricultural purposes. For a financial
1.20 institution, the amount of income from a commercial loan is a subtraction if:

1.21 (1) the value of the loan is \$5,000,000 or less; and

2.1 (2) the loan was provided to a person residing or located in this state and used primarily  
2.2 for a business or agricultural purpose.

2.3 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
2.4 31, 2023.