

SENATE
STATE OF MINNESOTA
EIGHTY-NINTH SESSION

S.F. No. 346

(SENATE AUTHORS: JOHNSON)

DATE	D-PG	OFFICIAL STATUS
01/26/2015	135	Introduction and first reading Referred to Taxes

1.1 A bill for an act
 1.2 relating to taxation; individual income; modifying the alternative minimum tax to
 1.3 conform to federal law on the treatment of wagering losses; amending Minnesota
 1.4 Statutes 2014, section 290.091, subdivision 2.

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

1.6 Section 1. Minnesota Statutes 2014, section 290.091, subdivision 2, is amended to read:

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

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

1.11 (1) the taxpayer's federal alternative minimum taxable income as defined in section
 1.12 55(b)(2) of the Internal Revenue Code;

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

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

1.17 (ii) the medical expense deduction;

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

1.19 (iv) the impairment-related work expenses of a disabled person; and

1.20 (v) the wagering loss deduction under section 165(d) of the Internal Revenue Code;

1.21 (3) for depletion allowances computed under section 613A(c) of the Internal
 1.22 Revenue Code, with respect to each property (as defined in section 614 of the Internal
 1.23 Revenue Code), to the extent not included in federal alternative minimum taxable income,
 1.24 the excess of the deduction for depletion allowable under section 611 of the Internal

2.1 Revenue Code for the taxable year over the adjusted basis of the property at the end of the
2.2 taxable year (determined without regard to the depletion deduction for the taxable year);

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

2.6 (5) to the extent not included in federal alternative minimum taxable income, the
2.7 amount of interest income as provided by section 290.01, subdivision 19a, clause (1); and

2.8 (6) the amount of addition required by section 290.01, subdivision 19a, clauses (7)
2.9 to (9), and (11) to (14);

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

2.11 (1) interest income as defined in section 290.01, subdivision 19b, clause (1);

2.12 (2) an overpayment of state income tax as provided by section 290.01, subdivision
2.13 19b, clause (2), to the extent included in federal alternative minimum taxable income;

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

2.18 (4) amounts subtracted from federal taxable income as provided by section 290.01,
2.19 subdivision 19b, clauses (6), (8) to (14), (16), and (21); and

2.20 (5) the amount of the net operating loss allowed under section 290.095, subdivision
2.21 11, paragraph (c).

2.22 In the case of an estate or trust, alternative minimum taxable income must be
2.23 computed as provided in section 59(c) of the Internal Revenue Code.

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

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

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

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

2.32 **EFFECTIVE DATE.** This section is effective for taxable years beginning after
2.33 December 31, 2014.