SENATE
STATE OF MINNESOTA
NINETY-FIRST SESSION

S.F. No. 3588

1.1   A bill for an act

1.2   relating to taxation; individual income tax; section 179 expensing; federal tax
1.3   conformity; interest and penalties; amending Minnesota Statutes 2018, sections
1.4   290.0131, subdivision 10; 290.0133, subdivision 12.

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

1.6   Section 1. Minnesota Statutes 2018, section 290.0131, subdivision 10, is amended to read:

1.7   Subd. 10. **Section 179 expensing.** For taxable years beginning before January 1, 2018,

1.8   80 percent of the amount by which the deduction allowed under the dollar limits of section

1.9   179 of the Internal Revenue Code exceeds the deduction allowable by section 179 of the

1.10   Internal Revenue Code, as amended through December 31, 2003, is an addition.

1.11   **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning

1.12   after December 31, 2017.

1.13   Sec. 2. Minnesota Statutes 2018, section 290.0133, subdivision 12, is amended to read:

1.14   Subd. 12. **Section 179 expensing.** For taxable years beginning before January 1, 2018,

1.15   80 percent of the amount by which the deduction allowed under the dollar limits of section

1.16   179 of the Internal Revenue Code exceeds the deduction allowable by section 179 of the

1.17   Internal Revenue Code, as amended through December 31, 2003, is an addition.

1.18   **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning

1.19   after December 31, 2017.

2.1   Sec. 3. **SPECIAL PENALTY EXCEPTION.**

2.2   (a) The interest provisions under Minnesota Statutes, section 289A.55, and penalty for

2.3   failure to pay tax provisions under Minnesota Statutes, section 289A.60, subdivision 1, do

2.4   not apply to late payments of tax arising from an order of the commissioner assessing

2.5   additional income tax on a capital gain that was previously deferred under section 1031 of

2.6   the Internal Revenue Code of 1986, as amended through December 16, 2016, for taxable

2.7   years beginning after December 31, 2017, and ending before January 1, 2019. The penalty

2.8   and interest exceptions under this section only apply to a taxpayer:

2.9   (1) who is subject to the retroactive application of section 13303 of Public Law 115-97

2.10   in Laws 2019, First Special Session chapter 6, article 1, section 61, paragraph (b); and

2.11   (2) whose total amount of income tax due for taxable years beginning after December

2.12   31, 2017, and ending before January 1, 2019, increased by at least 12 percent due to the

2.13   retroactive application of law described in clause (1).

2.14   (b) Within 60 days of the effective date of this section, the commissioner must refund

2.15   to a taxpayer the amount of interest and penalties paid by the taxpayer that are subject to

2.16   the exception in paragraph (a).

2.17   **EFFECTIVE DATE.** This section is effective retroactively for interest and penalties

2.18   on assessments ordered after June 1, 2019.