

State of Minnesota
HOUSE OF REPRESENTATIVES

EIGHTY-EIGHTH SESSION

H. F. No. 1957

02/25/2014 Authored by Erhardt; Mullery; Ward, J.A., and Newton
The bill was read for the first time and referred to the Committee on Taxes

A bill for an act

relating to taxation; individual income; conforming to the federal exclusion of
discharge of qualified principal residence indebtedness; amending Minnesota
Statutes 2013 Supplement, section 290.01, subdivision 19.

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

Section 1. Minnesota Statutes 2013 Supplement, section 290.01, subdivision 19,
is amended to read:

Subd. 19. **Net income.** The term "net income" means the federal taxable income,
as defined in section 63 of the Internal Revenue Code of 1986, as amended through the
date named in this subdivision, incorporating the federal effective dates of changes to the
Internal Revenue Code and any elections made by the taxpayer in accordance with the
Internal Revenue Code in determining federal taxable income for federal income tax
purposes, and with the modifications provided in subdivisions 19a to 19f.

In the case of a regulated investment company or a fund thereof, as defined in section
851(a) or 851(g) of the Internal Revenue Code, federal taxable income means investment
company taxable income as defined in section 852(b)(2) of the Internal Revenue Code,
except that:

(1) the exclusion of net capital gain provided in section 852(b)(2)(A) of the Internal
Revenue Code does not apply;

(2) the deduction for dividends paid under section 852(b)(2)(D) of the Internal
Revenue Code must be applied by allowing a deduction for capital gain dividends and
exempt-interest dividends as defined in sections 852(b)(3)(C) and 852(b)(5) of the Internal
Revenue Code; 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 April 14, 2011, shall be in effect for taxable years beginning after December 31, 1996, and before January 1, 2012, and for taxable years beginning after December 31, 2012. The Internal Revenue Code of 1986, as amended through January 3, 2013, is in effect for taxable years beginning after December 31, 2011, and before January 1, 2013.

The provisions of sections 315 and 331 of the American Taxpayer Relief Act of 2012, Public Law 112-240, extension of increased expensing limitations and treatment of certain real property as section 179 property and extension and modification of bonus depreciation, are effective at the same time they become effective for federal purposes.

The provisions of section 202 of the American Taxpayer Relief Act of 2012, Public Law 112-240, extension of exclusion from gross income of discharge of qualified principal residence indebtedness, are effective at the same time they become effective for federal purposes.

Except as otherwise provided, references to the Internal Revenue Code in subdivisions 19 to 19f mean the code in effect for purposes of determining net income for the applicable year.

EFFECTIVE DATE. This section is effective retroactively for taxable years beginning after December 31, 2012.