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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETY-THIRD SESSION

H. F. No. 1881

02/16/2023 Authored by Smith, Gomez, Coulter, Curran, Pursell and others
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; income; requiring an addition for deemed capital gains on
1.3 certain assets of a decedent; amending Minnesota Statutes 2022, sections 289A.19,
1.4 by adding a subdivision; 290.0131, by adding a subdivision; proposing coding for
1.5 new law in Minnesota Statutes, chapter 290.

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

1.7 Section 1. Minnesota Statutes 2022, section 289A.19, is amended by adding a subdivision
1.8 to read:

1.9 Subd. 8. Returns including nontaxed capital gains. The commissioner must grant an
1.10 automatic extension of 275 days to file an individual income tax return that includes an
1.11 amount added to an individual's federal adjusted gross income under section 290.0131,
1.12 subdivision 21. Where good cause exists, the commissioner may grant an extension of an
1.13 additional 180 days for filing this return.

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

1.16 Sec. 2. Minnesota Statutes 2022, section 290.0131, is amended by adding a subdivision
1.17 to read:

1.18 Subd. 21. Nontaxed capital gains. The amount of nontaxed capital gains as determined
1.19 under section 290.055 that exceeds \$1,000,000 is an addition.

1.20 EFFECTIVE DATE. This section is effective for taxable years beginning after December
1.21 31, 2023.

2.1 Sec. 3. [290.055] NONTAXED CAPITAL GAINS.

2.2 Subdivision 1. Definitions. (a) For purposes of this section, the following terms have
2.3 the meanings given.

2.4 (b) "Federal gross estate" means the gross estate of a decedent as required to be valued
2.5 and otherwise determined for federal estate tax purposes under the Internal Revenue Code.

2.6 (c) "Nontaxed capital asset" means a capital asset as defined in section 1221(a) of the
2.7 Internal Revenue Code, but does not include land classified as class 2a agricultural homestead
2.8 as determined under chapter 273.

2.9 Subd. 2. Determination of nontaxed capital gains. A taxpayer's nontaxed capital gains
2.10 equals the sum of the gains on each nontaxed capital asset owned by a taxpayer on the date
2.11 of the taxpayer's death. The amount of each gain is equal to the amount that would be
2.12 required to be included in the taxpayer's federal adjusted gross income if the asset was sold
2.13 on the date of the taxpayer's death at a value equal to the value of the asset if it was includable
2.14 in the decedent's federal gross estate.

2.15 EFFECTIVE DATE. This section is effective for taxable years beginning after December
2.16 31, 2023.