

SENATE

STATE OF MINNESOTA

EIGHTY-EIGHTH SESSION

S.F. No. 2499

(SENATE AUTHORS: EKEN)

DATE	D-PG	OFFICIAL STATUS
03/10/2014	6075	Introduction and first reading Referred to Taxes

1.1

A bill for an act

1.2

relating to taxation; individual income; conforming to the federal extension of

1.3

allowable qualified student loan interest; amending Minnesota Statutes 2013

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Supplement, section 290.01, subdivision 19.

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

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Section 1. Minnesota Statutes 2013 Supplement, section 290.01, subdivision 19,

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is amended to read:

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Subd. 19. **Net income.** The term "net income" means the federal taxable income,

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as defined in section 63 of the Internal Revenue Code of 1986, as amended through the

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date named in this subdivision, incorporating the federal effective dates of changes to the

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Internal Revenue Code and any elections made by the taxpayer in accordance with the

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Internal Revenue Code in determining federal taxable income for federal income tax

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purposes, and with the modifications provided in subdivisions 19a to 19f.

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In the case of a regulated investment company or a fund thereof, as defined in section

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851(a) or 851(g) of the Internal Revenue Code, federal taxable income means investment

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company taxable income as defined in section 852(b)(2) of the Internal Revenue Code,

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except that:

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(1) the exclusion of net capital gain provided in section 852(b)(2)(A) of the Internal

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Revenue Code does not apply;

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(2) the deduction for dividends paid under section 852(b)(2)(D) of the Internal

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Revenue Code must be applied by allowing a deduction for capital gain dividends and

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exempt-interest dividends as defined in sections 852(b)(3)(C) and 852(b)(5) of the Internal

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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.

Section 221 of the Internal Revenue Code, as amended through January 3, 2013, allowing the above-the-line deduction for qualified student loan interest, is effective for taxable years beginning after December 31, 2013.

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.