

State of Minnesota  
HOUSE OF REPRESENTATIVES

EIGHTY-EIGHTH SESSION

H. F. No. 1758

04/11/2013 Authored by Hortman  
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 homebuyer savings plans; establishing a homebuyer savings plan  
1.3 trust; providing income and franchise tax deductions; amending Minnesota  
1.4 Statutes 2012, section 290.01, subdivisions 19a, 19b, 19d; proposing coding for  
1.5 new law in Minnesota Statutes, chapter 16A.

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

1.7 Section 1. [16A.581] HOMEBUYER SAVINGS PLAN.

1.8 Subdivision 1. **Citation.** This section may be cited as the Minnesota Homebuyer  
1.9 Savings Plan Act.

1.10 Subd. 2. **Definitions.** For purposes of this section, the following terms have the  
1.11 meanings given them.

1.12 (a) "Account holder" means any individual who is a resident of this state and who  
1.13 enters into a participation agreement to establish, individually or jointly, a home buyer  
1.14 savings account with the state and is entitled to conduct transactions on the account and  
1.15 receive distributions from the account. A married taxpayer filing separately may be an  
1.16 account holder if the account is established separately from the taxpayer's spouse. Married  
1.17 taxpayers filing jointly are considered to be the account holder.

1.18 (b) "Closing agent" has the meaning given in section 82.55, subdivision 4.

1.19 (c) "Eligible expenses" mean the downpayment or closing costs, or both, for the  
1.20 purchase of a single-family residence located in this state by an account holder.

1.21 (d) "Employer" means any employer of an account holder and upon whom an  
1.22 income tax is imposed by chapter 290.

1.23 (e) "Financial institution" has the meaning given in section 58.02, subdivision 10.

(f) "Homebuyer savings account" means contributions held in trust by this state as a homebuyer savings account exclusively for the purpose of paying eligible expenses for the purchase of a single-family residence.

(g) "Participation agreement" means an agreement to participate in the Minnesota Homebuyer Savings Plan between an account holder and the state through the Department of Finance and the State Board of Investment.

(h) "Single-family residence" means an owner occupied residence in this state, including a manufactured home, trailer, or mobile home, that is an improvement to real property or a condominium unit that is owned by or that has been purchased under contract for deed by a person, individually or jointly.

**Subd. 3. Homebuyer savings plan trust.** (a) A homebuyer savings plan trust fund is created in the state treasury. The commissioner is the trustee of the trust and is responsible for the administration, operation, and maintenance of the plan and has all the powers necessary to carry out and effectuate the purposes, objectives, and provisions of the homebuyer savings plan pertaining to the administration, operation, and maintenance of the trust, except that the investment officer has fiduciary responsibility to make all decisions regarding the investment of the contributions made to the trust, including the selection of all investment options and the approval of all fees and other costs charged to trust assets, except costs for administration, operation, and maintenance of the trust, under the directions, guidelines, and policies established by the State Board of Investment.

(b) The commissioner may adopt and promulgate rules for the efficient administration, operation, and maintenance of the trust. The commissioner shall not adopt and promulgate rules and regulations that in any way interfere with the fiduciary responsibility of the state investment officer to make all decisions regarding the investment of money in the trust. The State Board of Investment may adopt and promulgate rules and regulations to provide for the prudent investment of the assets of the trust.

(c) The State Board of Investment or its designee also has the authority to select and enter into agreements with individuals and entities to provide investment advice and management of the assets held by the trust; establish investment guidelines, objectives, and performance standards with respect to the assets held by the trust; and approve any fees, commissions, and expenses which directly or indirectly affect the return on assets.

**Subd. 4. Contributions to an account.** (a) An individual who enters into a participation agreement may make contributions to a homebuyer savings account. Contributions may also be made by the account holder's employer to the account holder's homebuyer savings account. A separate account must be maintained for each individual for whom contributions are made. Contributions to an account must not be made to an

3.1 account for a period exceeding ten years beginning on the date that the first contribution is  
3.2 made by the account holder or the account holder's employer. The account holder retains  
3.3 ownership of all contributions up to the date of use, including contributions to an account  
3.4 made by the account holder's employer.

3.5 (b) State income tax treatment of contributions and investment earnings is as  
3.6 provided in section 290.01, subdivisions 19a and 19b.

3.7 Subd. 5. **Distributions.** (a) Distributions may be made:

3.8 (1) directly to a financial institution or closing agent on behalf of an account holder  
3.9 for eligible expenses; or

3.10 (2) directly to the account holder if the account holder has already paid for eligible  
3.11 expenses, and submits documentation of the eligible expenses paid to the commissioner.

3.12 (b) Distributions shall not be made within six months of the establishment of the  
3.13 account.

3.14 (c) In the case of distributions made after the six-month period that are not used for  
3.15 eligible expenses, the amount withdrawn shall be included in the account holder's gross  
3.16 income for the taxable year in which the distribution was made, and shall be subject  
3.17 to a ten percent penalty.

3.18 (d) In the case of an account holder's death, the assets in the decedent's homebuyer  
3.19 savings account shall become the property of the account holder's estate.

3.20 **EFFECTIVE DATE.** This section is effective the day following final enactment.

3.21 Sec. 2. Minnesota Statutes 2012, section 290.01, subdivision 19a, is amended to read:

3.22 Subd. 19a. **Additions to federal taxable income.** For individuals, estates, and  
3.23 trusts, there shall be added to federal taxable income:

3.24 (1)(i) interest income on obligations of any state other than Minnesota or a political  
3.25 or governmental subdivision, municipality, or governmental agency or instrumentality  
3.26 of any state other than Minnesota exempt from federal income taxes under the Internal  
3.27 Revenue Code or any other federal statute; and

3.28 (ii) exempt-interest dividends as defined in section 852(b)(5) of the Internal Revenue  
3.29 Code, except:

3.30 (A) the portion of the exempt-interest dividends exempt from state taxation under  
3.31 the laws of the United States; and

3.32 (B) the portion of the exempt-interest dividends derived from interest income  
3.33 on obligations of the state of Minnesota or its political or governmental subdivisions,  
3.34 municipalities, governmental agencies or instrumentalities, but only if the portion of the  
3.35 exempt-interest dividends from such Minnesota sources paid to all shareholders represents

95 percent or more of the exempt-interest dividends, including any dividends exempt under subitem (A), that are paid by the regulated investment company as defined in section 851(a) of the Internal Revenue Code, or the fund of the regulated investment company as defined in section 851(g) of the Internal Revenue Code, making the payment; and

(iii) for the purposes of items (i) and (ii), interest on obligations of an Indian tribal government described in section 7871(c) of the Internal Revenue Code shall be treated as interest income on obligations of the state in which the tribe is located;

(2) the amount of income, sales and use, motor vehicle sales, or excise taxes paid or accrued within the taxable year under this chapter and the amount of taxes based on net income paid, sales and use, motor vehicle sales, or excise taxes paid to any other state or to any province or territory of Canada, to the extent allowed as a deduction under section 63(d) of the Internal Revenue Code, but the addition may not be more than the amount by which the itemized deductions as allowed under section 63(d) of the Internal Revenue Code exceeds the amount of the standard deduction as defined in section 63(c) of the Internal Revenue Code, disregarding the amounts allowed under sections 63(c)(1)(C) and 63(c)(1)(E) of the Internal Revenue Code, minus any addition that would have been required under clause (21) if the taxpayer had claimed the standard deduction. For the purpose of this paragraph, the disallowance of itemized deductions under section 68 of the Internal Revenue Code of 1986, income, sales and use, motor vehicle sales, or excise taxes are the last itemized deductions disallowed;

(3) the capital gain amount of a lump-sum distribution to which the special tax under section 1122(h)(3)(B)(ii) of the Tax Reform Act of 1986, Public Law 99-514, applies;

(4) the amount of income taxes paid or accrued within the taxable year under this chapter and taxes based on net income paid to any other state or any province or territory of Canada, to the extent allowed as a deduction in determining federal adjusted gross income. For the purpose of this paragraph, income taxes do not include the taxes imposed by sections 290.0922, subdivision 1, paragraph (b), 290.9727, 290.9728, and 290.9729;

(5) the amount of expense, interest, or taxes disallowed pursuant to section 290.10 other than expenses or interest used in computing net interest income for the subtraction allowed under subdivision 19b, clause (1);

(6) the amount of a partner's pro rata share of net income which does not flow through to the partner because the partnership elected to pay the tax on the income under section 6242(a)(2) of the Internal Revenue Code;

(7) 80 percent of the depreciation deduction allowed under section 168(k) of the Internal Revenue Code. For purposes of this clause, if the taxpayer has an activity that in the taxable year generates a deduction for depreciation under section 168(k) and the

activity generates a loss for the taxable year that the taxpayer is not allowed to claim for the taxable year, "the depreciation allowed under section 168(k)" for the taxable year is limited to excess of the depreciation claimed by the activity under section 168(k) over the amount of the loss from the activity that is not allowed in the taxable year. In succeeding taxable years when the losses not allowed in the taxable year are allowed, the depreciation under section 168(k) is allowed;

(8) 80 percent of the amount by which the deduction allowed by section 179 of the Internal Revenue Code exceeds the deduction allowable by section 179 of the Internal Revenue Code of 1986, as amended through December 31, 2003;

(9) to the extent deducted in computing federal taxable income, the amount of the deduction allowable under section 199 of the Internal Revenue Code;

(10) for taxable years beginning before January 1, 2013, the exclusion allowed under section 139A of the Internal Revenue Code for federal subsidies for prescription drug plans;

(11) the amount of expenses disallowed under section 290.10, subdivision 2;

(12) for taxable years beginning before January 1, 2010, the amount deducted for qualified tuition and related expenses under section 222 of the Internal Revenue Code, to the extent deducted from gross income;

(13) for taxable years beginning before January 1, 2010, the amount deducted for certain expenses of elementary and secondary school teachers under section 62(a)(2)(D) of the Internal Revenue Code, to the extent deducted from gross income;

(14) the additional standard deduction for property taxes payable that is allowable under section 63(c)(1)(C) of the Internal Revenue Code;

(15) the additional standard deduction for qualified motor vehicle sales taxes allowable under section 63(c)(1)(E) of the Internal Revenue Code;

(16) discharge of indebtedness income resulting from reacquisition of business indebtedness and deferred under section 108(i) of the Internal Revenue Code;

(17) the amount of unemployment compensation exempt from tax under section 85(c) of the Internal Revenue Code;

(18) changes to federal taxable income attributable to a net operating loss that the taxpayer elected to carry back for more than two years for federal purposes but for which the losses can be carried back for only two years under section 290.095, subdivision 11, paragraph (c);

(19) to the extent included in the computation of federal taxable income in taxable years beginning after December 31, 2010, the amount of disallowed itemized deductions, but the amount of disallowed itemized deductions plus the addition required under clause (2) may not be more than the amount by which the itemized deductions as allowed under

section 63(d) of the Internal Revenue Code exceeds the amount of the standard deduction as defined in section 63(c) of the Internal Revenue Code, disregarding the amounts allowed under sections 63(c)(1)(C) and 63(c)(1)(E) of the Internal Revenue Code, and reduced by any addition that would have been required under clause (21) if the taxpayer had claimed the standard deduction:

(i) the amount of disallowed itemized deductions is equal to the lesser of:

(A) three percent of the excess of the taxpayer's federal adjusted gross income over the applicable amount; or

(B) 80 percent of the amount of the itemized deductions otherwise allowable to the taxpayer under the Internal Revenue Code for the taxable year;

(ii) the term "applicable amount" means \$100,000, or \$50,000 in the case of a married individual filing a separate return. Each dollar amount shall be increased by an amount equal to:

(A) such dollar amount, multiplied by

(B) the cost-of-living adjustment determined under section 1(f)(3) of the Internal Revenue Code for the calendar year in which the taxable year begins, by substituting "calendar year 1990" for "calendar year 1992" in subparagraph (B) thereof;

(iii) the term "itemized deductions" does not include:

(A) the deduction for medical expenses under section 213 of the Internal Revenue Code;

(B) any deduction for investment interest as defined in section 163(d) of the Internal Revenue Code; and

(C) the deduction under section 165(a) of the Internal Revenue Code for casualty or theft losses described in paragraph (2) or (3) of section 165(c) of the Internal Revenue Code or for losses described in section 165(d) of the Internal Revenue Code;

(20) to the extent included in federal taxable income in taxable years beginning after December 31, 2010, the amount of disallowed personal exemptions for taxpayers with federal adjusted gross income over the threshold amount:

(i) the disallowed personal exemption amount is equal to the dollar amount of the personal exemptions claimed by the taxpayer in the computation of federal taxable income multiplied by the applicable percentage;

(ii) "applicable percentage" means two percentage points for each \$2,500 (or fraction thereof) by which the taxpayer's federal adjusted gross income for the taxable year exceeds the threshold amount. In the case of a married individual filing a separate return, the preceding sentence shall be applied by substituting "\$1,250" for "\$2,500." In no event shall the applicable percentage exceed 100 percent;

(iii) the term "threshold amount" means:

(A) \$150,000 in the case of a joint return or a surviving spouse;

(B) \$125,000 in the case of a head of a household;

(C) \$100,000 in the case of an individual who is not married and who is not a surviving spouse or head of a household; and

(D) \$75,000 in the case of a married individual filing a separate return; and

(iv) the thresholds shall be increased by an amount equal to:

(A) such dollar amount, multiplied by

(B) the cost-of-living adjustment determined under section 1(f)(3) of the Internal Revenue Code for the calendar year in which the taxable year begins, by substituting "calendar year 1990" for "calendar year 1992" in subparagraph (B) thereof; ~~and~~

(21) to the extent deducted in the computation of federal taxable income, for taxable years beginning after December 31, 2010, and before January 1, 2013, the difference between the standard deduction allowed under section 63(c) of the Internal Revenue Code and the standard deduction allowed for 2011 and 2012 under the Internal Revenue Code as amended through December 1, 2010; and

(22) the amount of distributions under section 16A.581, subdivision 5, paragraph (c).

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

Sec. 3. Minnesota Statutes 2012, section 290.01, subdivision 19b, is amended to read:

Subd. 19b. **Subtractions from federal taxable income.** For individuals, estates, and trusts, there shall be subtracted from federal taxable income:

(1) net interest income on obligations of any authority, commission, or instrumentality of the United States to the extent includable in taxable income for federal income tax purposes but exempt from state income tax under the laws of the United States;

(2) if included in federal taxable income, the amount of any overpayment of income tax to Minnesota or to any other state, for any previous taxable year, whether the amount is received as a refund or as a credit to another taxable year's income tax liability;

(3) the amount paid to others, less the amount used to claim the credit allowed under section 290.0674, not to exceed \$1,625 for each qualifying child in grades kindergarten to 6 and \$2,500 for each qualifying child in grades 7 to 12, for tuition, textbooks, and transportation of each qualifying child in attending an elementary or secondary school situated in Minnesota, North Dakota, South Dakota, Iowa, or Wisconsin, wherein a resident of this state may legally fulfill the state's compulsory attendance laws, which is not operated for profit, and which adheres to the provisions of the Civil Rights Act

of 1964 and chapter 363A. For the purposes of this clause, "tuition" includes fees or tuition as defined in section 290.0674, subdivision 1, clause (1). As used in this clause, "textbooks" includes books and other instructional materials and equipment purchased or leased for use in elementary and secondary schools in teaching only those subjects legally and commonly taught in public elementary and secondary schools in this state. Equipment expenses qualifying for deduction includes expenses as defined and limited in section 290.0674, subdivision 1, clause (3). "Textbooks" does not include instructional books and materials used in the teaching of religious tenets, doctrines, or worship, the purpose of which is to instill such tenets, doctrines, or worship, nor does it include books or materials for, or transportation to, extracurricular activities including sporting events, musical or dramatic events, speech activities, driver's education, or similar programs. No deduction is permitted for any expense the taxpayer incurred in using the taxpayer's or the qualifying child's vehicle to provide such transportation for a qualifying child. For purposes of the subtraction provided by this clause, "qualifying child" has the meaning given in section 32(c)(3) of the Internal Revenue Code;

(4) income as provided under section 290.0802;

(5) to the extent included in federal adjusted gross income, income realized on disposition of property exempt from tax under section 290.491;

(6) to the extent not deducted or not deductible pursuant to section 408(d)(8)(E) of the Internal Revenue Code in determining federal taxable income by an individual who does not itemize deductions for federal income tax purposes for the taxable year, an amount equal to 50 percent of the excess of charitable contributions over \$500 allowable as a deduction for the taxable year under section 170(a) of the Internal Revenue Code, under the provisions of Public Law 109-1 and Public Law 111-126;

(7) for individuals who are allowed a federal foreign tax credit for taxes that do not qualify for a credit under section 290.06, subdivision 22, an amount equal to the carryover of subnational foreign taxes for the taxable year, but not to exceed the total subnational foreign taxes reported in claiming the foreign tax credit. For purposes of this clause, "federal foreign tax credit" means the credit allowed under section 27 of the Internal Revenue Code, and "carryover of subnational foreign taxes" equals the carryover allowed under section 904(c) of the Internal Revenue Code minus national level foreign taxes to the extent they exceed the federal foreign tax credit;

(8) in each of the five tax years immediately following the tax year in which an addition is required under subdivision 19a, clause (7), or 19c, clause (15), in the case of a shareholder of a corporation that is an S corporation, an amount equal to one-fifth of the delayed depreciation. For purposes of this clause, "delayed depreciation" means the amount



of the addition made by the taxpayer under subdivision 19a, clause (7), or subdivision 19c, clause (15), in the case of a shareholder of an S corporation, minus the positive value of any net operating loss under section 172 of the Internal Revenue Code generated for the tax year of the addition. The resulting delayed depreciation cannot be less than zero;

(9) job opportunity building zone income as provided under section 469.316;

(10) to the extent included in federal taxable income, the amount of compensation paid to members of the Minnesota National Guard or other reserve components of the United States military for active service, excluding compensation for services performed under the Active Guard Reserve (AGR) program. For purposes of this clause, "active service" means (i) state active service as defined in section 190.05, subdivision 5a, clause (1); or (ii) federally funded state active service as defined in section 190.05, subdivision 5b, but "active service" excludes service performed in accordance with section 190.08, subdivision 3;

(11) to the extent included in federal taxable income, the amount of compensation paid to Minnesota residents who are members of the armed forces of the United States or United Nations for active duty performed under United States Code, title 10; or the authority of the United Nations;

(12) an amount, not to exceed \$10,000, equal to qualified expenses related to a qualified donor's donation, while living, of one or more of the qualified donor's organs to another person for human organ transplantation. For purposes of this clause, "organ" means all or part of an individual's liver, pancreas, kidney, intestine, lung, or bone marrow; "human organ transplantation" means the medical procedure by which transfer of a human organ is made from the body of one person to the body of another person; "qualified expenses" means unreimbursed expenses for both the individual and the qualified donor for (i) travel, (ii) lodging, and (iii) lost wages net of sick pay, except that such expenses may be subtracted under this clause only once; and "qualified donor" means the individual or the individual's dependent, as defined in section 152 of the Internal Revenue Code. An individual may claim the subtraction in this clause for each instance of organ donation for transplantation during the taxable year in which the qualified expenses occur;

(13) in each of the five tax years immediately following the tax year in which an addition is required under subdivision 19a, clause (8), or 19c, clause (16), in the case of a shareholder of a corporation that is an S corporation, an amount equal to one-fifth of the addition made by the taxpayer under subdivision 19a, clause (8), or 19c, clause (16), in the case of a shareholder of a corporation that is an S corporation, minus the positive value of any net operating loss under section 172 of the Internal Revenue Code generated for the

tax year of the addition. If the net operating loss exceeds the addition for the tax year, a subtraction is not allowed under this clause;

(14) to the extent included in the federal taxable income of a nonresident of Minnesota, compensation paid to a service member as defined in United States Code, title 10, section 101(a)(5), for military service as defined in the Servicemembers Civil Relief Act, Public Law 108-189, section 101(2);

(15) to the extent included in federal taxable income, the amount of national service educational awards received from the National Service Trust under United States Code, title 42, sections 12601 to 12604, for service in an approved Americorps National Service program;

(16) to the extent included in federal taxable income, discharge of indebtedness income resulting from reacquisition of business indebtedness included in federal taxable income under section 108(i) of the Internal Revenue Code. This subtraction applies only to the extent that the income was included in net income in a prior year as a result of the addition under section 290.01, subdivision 19a, clause (16); and

(17) the amount of the net operating loss allowed under section 290.095, subdivision 11, paragraph (c);

(18) an amount equal to contributions made to an individual's homebuyer savings account under section 16A.581, up to a maximum of \$2,000 for married individuals filing joint returns and \$1,000 for any other return, plus any investment earnings made as a participant in the Minnesota homebuyer savings plan; and

(19) in the case of contributions made by an employer to an employee's homebuyer savings account under section 16A.581, a partner or shareholder may subtract an amount equal to the partner's or shareholder's ownership interest in the partnership, S corporation, or limited liability company multiplied by \$1,000 or the amount contributed by the employer to the employee's homebuyer savings account, whichever is less.

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

Sec. 4. Minnesota Statutes 2012, section 290.01, subdivision 19d, is amended to read:

Subd. 19d. **Corporations; modifications decreasing federal taxable income.** For corporations, there shall be subtracted from federal taxable income after the increases provided in subdivision 19c:

(1) the amount of foreign dividend gross-up added to gross income for federal income tax purposes under section 78 of the Internal Revenue Code;

(2) the amount of salary expense not allowed for federal income tax purposes due to claiming the work opportunity credit under section 51 of the Internal Revenue Code;

(3) any dividend (not including any distribution in liquidation) paid within the taxable year by a national or state bank to the United States, or to any instrumentality of the United States exempt from federal income taxes, on the preferred stock of the bank owned by the United States or the instrumentality;

(4) amounts disallowed for intangible drilling costs due to differences between this chapter and the Internal Revenue Code in taxable years beginning before January 1, 1987, as follows:

(i) to the extent the disallowed costs are represented by physical property, an amount equal to the allowance for depreciation under Minnesota Statutes 1986, section 290.09, subdivision 7, subject to the modifications contained in subdivision 19e; and

(ii) to the extent the disallowed costs are not represented by physical property, an amount equal to the allowance for cost depletion under Minnesota Statutes 1986, section 290.09, subdivision 8;

(5) the deduction for capital losses pursuant to sections 1211 and 1212 of the Internal Revenue Code, except that:

(i) for capital losses incurred in taxable years beginning after December 31, 1986, capital loss carrybacks shall not be allowed;

(ii) for capital losses incurred in taxable years beginning after December 31, 1986, a capital loss carryover to each of the 15 taxable years succeeding the loss year shall be allowed;

(iii) for capital losses incurred in taxable years beginning before January 1, 1987, a capital loss carryback to each of the three taxable years preceding the loss year, subject to the provisions of Minnesota Statutes 1986, section 290.16, shall be allowed; and

(iv) for capital losses incurred in taxable years beginning before January 1, 1987, a capital loss carryover to each of the five taxable years succeeding the loss year to the extent such loss was not used in a prior taxable year and subject to the provisions of Minnesota Statutes 1986, section 290.16, shall be allowed;

(6) an amount for interest and expenses relating to income not taxable for federal income tax purposes, if (i) the income is taxable under this chapter and (ii) the interest and expenses were disallowed as deductions under the provisions of section 171(a)(2), 265 or 291 of the Internal Revenue Code in computing federal taxable income;

(7) in the case of mines, oil and gas wells, other natural deposits, and timber for which percentage depletion was disallowed pursuant to subdivision 19c, clause (9), a reasonable allowance for depletion based on actual cost. In the case of leases the deduction

12.1 must be apportioned between the lessor and lessee in accordance with rules prescribed  
12.2 by the commissioner. In the case of property held in trust, the allowable deduction must  
12.3 be apportioned between the income beneficiaries and the trustee in accordance with the  
12.4 pertinent provisions of the trust, or if there is no provision in the instrument, on the basis  
12.5 of the trust's income allocable to each;

12.6 (8) for certified pollution control facilities placed in service in a taxable year  
12.7 beginning before December 31, 1986, and for which amortization deductions were elected  
12.8 under section 169 of the Internal Revenue Code of 1954, as amended through December  
12.9 31, 1985, an amount equal to the allowance for depreciation under Minnesota Statutes  
12.10 1986, section 290.09, subdivision 7;

12.11 (9) amounts included in federal taxable income that are due to refunds of income,  
12.12 excise, or franchise taxes based on net income or related minimum taxes paid by the  
12.13 corporation to Minnesota, another state, a political subdivision of another state, the  
12.14 District of Columbia, or a foreign country or possession of the United States to the extent  
12.15 that the taxes were added to federal taxable income under section 290.01, subdivision 19c,  
12.16 clause (1), in a prior taxable year;

12.17 (10) 80 percent of royalties, fees, or other like income accrued or received from a  
12.18 foreign operating corporation or a foreign corporation which is part of the same unitary  
12.19 business as the receiving corporation, unless the income resulting from such payments or  
12.20 accruals is income from sources within the United States as defined in subtitle A, chapter  
12.21 1, subchapter N, part 1, of the Internal Revenue Code;

12.22 (11) income or gains from the business of mining as defined in section 290.05,  
12.23 subdivision 1, clause (a), that are not subject to Minnesota franchise tax;

12.24 (12) the amount of disability access expenditures in the taxable year which are not  
12.25 allowed to be deducted or capitalized under section 44(d)(7) of the Internal Revenue Code;

12.26 (13) the amount of qualified research expenses not allowed for federal income tax  
12.27 purposes under section 280C(c) of the Internal Revenue Code, but only to the extent that  
12.28 the amount exceeds the amount of the credit allowed under section 290.068;

12.29 (14) the amount of salary expenses not allowed for federal income tax purposes due to  
12.30 claiming the Indian employment credit under section 45A(a) of the Internal Revenue Code;

12.31 (15) for a corporation whose foreign sales corporation, as defined in section 922  
12.32 of the Internal Revenue Code, constituted a foreign operating corporation during any  
12.33 taxable year ending before January 1, 1995, and a return was filed by August 15, 1996,  
12.34 claiming the deduction under section 290.21, subdivision 4, for income received from  
12.35 the foreign operating corporation, an amount equal to 1.23 multiplied by the amount of

13.1 income excluded under section 114 of the Internal Revenue Code, provided the income is  
13.2 not income of a foreign operating company;

13.3 (16) any decrease in subpart F income, as defined in section 952(a) of the Internal  
13.4 Revenue Code, for the taxable year when subpart F income is calculated without regard to  
13.5 the provisions of Division C, title III, section 303(b) of Public Law 110-343;

13.6 (17) in each of the five tax years immediately following the tax year in which an  
13.7 addition is required under subdivision 19c, clause (15), an amount equal to one-fifth of  
13.8 the delayed depreciation. For purposes of this clause, "delayed depreciation" means the  
13.9 amount of the addition made by the taxpayer under subdivision 19c, clause (15). The  
13.10 resulting delayed depreciation cannot be less than zero;

13.11 (18) in each of the five tax years immediately following the tax year in which an  
13.12 addition is required under subdivision 19c, clause (16), an amount equal to one-fifth of  
13.13 the amount of the addition; ~~and~~

13.14 (19) to the extent included in federal taxable income, discharge of indebtedness  
13.15 income resulting from reacquisition of business indebtedness included in federal taxable  
13.16 income under section 108(i) of the Internal Revenue Code. This subtraction applies only  
13.17 to the extent that the income was included in net income in a prior year as a result of the  
13.18 addition under section 290.01, subdivision 19c, clause (25); and

13.19 (20) an amount equal to contributions made to an employee's homebuyer savings  
13.20 account under section 16A.581, up to a maximum of \$1,000 per employee.

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