

A bill for an act

relating to taxation; individual income; repealing the alternative minimum tax;
amending Minnesota Statutes 2006, section 290.091, subdivision 6; repealing
Minnesota Statutes 2006, section 290.091, subdivisions 1, 2, 3, 4, 5, 6.

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

Section 1. Minnesota Statutes 2006, section 290.091, subdivision 6, is amended to read:

Subd. 6. **Credit for prior years' liability.** (a) A credit is allowed against the tax imposed by this chapter on individuals, trusts, and estates equal to the minimum tax credit for the taxable year. The minimum tax credit equals the adjusted net minimum tax for taxable years beginning after December 31, 1988, reduced by the minimum tax credits allowed in a prior taxable year. The credit may not exceed the excess (if any) for the taxable year of

(1) the regular tax, over

(2) the greater of (i) the tentative alternative minimum tax, or (ii) zero.

(b) The adjusted net minimum tax for a taxable year equals the lesser of the net minimum tax or the excess (if any) of

(1) the tentative minimum tax, over

(2) 6.4 percent of the sum of

(i) adjusted gross income as defined in section 62 of the Internal Revenue Code,

(ii) interest income as defined in section 290.01, subdivision 19a, clause (1),

(iii) interest on specified private activity bonds, as defined in section 57(a)(5) of the Internal Revenue Code, to the extent not included under clause (ii),

(iv) depletion as defined in section 57(a)(1), determined without regard to the last sentence of paragraph (1), of the Internal Revenue Code, less

(v) the deductions allowed in computing alternative minimum taxable income provided in subdivision 2, paragraph (a), clause (2) of the first series of clauses and clauses (1), (2), and (3) of the second series of clauses, and

(vi) the exemption amount determined under subdivision 3.

In the case of an individual who is not a Minnesota resident for the entire year, adjusted net minimum tax must be multiplied by the fraction defined in section 290.06, subdivision 2c, paragraph (e). In the case of a trust or estate, adjusted net minimum tax must be multiplied by the fraction defined under subdivision 4, paragraph (b).

(c) For taxable years beginning after December 31, 2006, and before January 1, 2009, a credit is allowed against the tax imposed by this chapter on individuals, trusts, and estates equal to the minimum tax credit for the taxable year. The minimum tax credit equals the adjusted net minimum tax for taxable years beginning after December 31, 1988, and before January 1, 2007, reduced by the minimum tax credits allowed in a prior taxable year. The credit may not exceed the tax imposed by this chapter after allowance of the credits in sections 290.06, subdivisions 22, 22a, and 28 to 32; 290.0672; and 290.0675.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2006.

Sec. 2. **REPEALER.**

Minnesota Statutes 2006, section 290.091, subdivisions 1, 2, 3, 4, 5, and 6, are repealed.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2006, except the repeal of section 290.091, subdivision 6, is effective for taxable years beginning after December 31, 2008.