

SENATE
STATE OF MINNESOTA
EIGHTY-NINTH SESSION

S.F. No. 1107

(SENATE AUTHORS: CLAUSEN, Jensen, Gazelka, Dahle and Carlson)

DATE	D-PG	OFFICIAL STATUS
02/26/2015	431	Introduction and first reading Referred to Taxes

A bill for an act

relating to taxation; individual income; providing a credit for the additional tax paid on early withdrawals from retirement accounts if used for long-term care expenses; appropriating money; proposing coding for new law in Minnesota Statutes, chapter 290.

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

Section 1. [290.0693] CREDIT FOR ADDITIONAL FEDERAL TAX ON RETIREMENT PLAN WITHDRAWALS USED FOR LONG-TERM CARE EXPENSES.

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

(b) "Additional federal tax" means the tax imposed under section 72(t) of the Internal Revenue Code on early withdrawals from qualified retirement plans.

(c) "Qualified long-term care expenses" means amounts paid for qualified long-term care services, as defined in section 7702B(c) of the Internal Revenue Code, plus amounts paid for a qualified long-term care insurance contract, as defined in section 7702B(b) of the Internal Revenue Code.

(d) "Qualified retirement plans" has the meaning given in section 4974(c) of the Internal Revenue Code.

Subd. 2. **Credit allowed.** (a) An individual is allowed a credit against the tax due under this chapter equal to the additional federal tax paid during the taxable year on early withdrawals from qualified retirement plans, provided the withdrawals are used for qualified long-term care expenses.

(b) For a nonresident or part-year resident, the credit must be allocated based on the percentage calculated under section 290.06, subdivision 2c, paragraph (e).

2.1 Subd. 3. Credit refundable; appropriation. (a) If the credit allowed under this
2.2 section exceeds the individual's liability under this chapter, the commissioner shall refund
2.3 the excess to the taxpayer.

2.4 (b) An amount sufficient to pay the refunds required by this section is appropriated
2.5 from the general fund to the commissioner.

2.6 **EFFECTIVE DATE.** This section is effective for taxable years beginning after
2.7 December 31, 2014.