

SENATE
STATE OF MINNESOTA
NINETY-THIRD SESSION

S.F. No. 1961

(SENATE AUTHORS: DIBBLE)

DATE	D-PG	OFFICIAL STATUS
02/20/2023	922	Introduction and first reading Referred to Taxes

1.1A bill for an act

1.2relating to taxation; individual income; disallowing the itemized deduction for

1.3mortgage interest on a second home; appropriating money for the home ownership

1.4assistance program; amending Minnesota Statutes 2022, section 290.0122,

1.5subdivision 5.

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

1.7Section 1. Minnesota Statutes 2022, section 290.0122, subdivision 5, is amended to read:

1.8Subd. 5. **Interest.** A taxpayer is allowed a deduction for interest. The deduction equals

1.9the amount allowed to the taxpayer as interest paid or accrued during the taxable year under

1.10section 163 of the Internal Revenue Code with the following exceptions:

1.11(1) qualified residence interest excludes home equity interest;

1.12(2) acquisition indebtedness must not exceed \$750,000, or \$375,000 for a married

1.13separate return, for indebtedness incurred on or after December 16, 2017; ~~and~~

1.14(3) mortgage insurance premiums treated as interest under section 163(h)(3)(E) are not

1.15interest for the purposes of this subdivision; and

1.16(4) qualified residence interest under section 163(h)(3) is limited to interest paid or

1.17accrued on a principal residence, as defined in section 163(h)(4)(A)(i)(I), and excludes any

1.18other residence allowed under section 163(h)(4)(A)(i)(II).

1.19**EFFECTIVE DATE.** This section is effective for taxable years beginning after December

1.2031, 2022.

2.1 Sec. 2. **APPROPRIATION; HOME OWNERSHIP ASSISTANCE PROGRAM.**

2.2 \$..... in fiscal year 2024 and \$..... in fiscal year 2025 are appropriated from the general
2.3 fund to the commissioner of the Minnesota Housing Finance Agency for the home ownership
2.4 assistance program under Minnesota Statutes, section 462A.21, subdivision 8.