

SENATE
STATE OF MINNESOTA
NINETY-THIRD SESSION

S.F. No. 3337

(SENATE AUTHORS: KLEIN)

DATE	D-PG	OFFICIAL STATUS
05/16/2023	8156	Introduction and first reading Referred to Taxes

1.1

A bill for an act

1.2

relating to taxation; individual income; providing a subtraction for foreign service

1.3

retirement pay; amending Minnesota Statutes 2022, sections 290.0132, by adding

1.4

a subdivision; 290.091, subdivision 2, as amended.

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

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Section 1. Minnesota Statutes 2022, section 290.0132, is amended by adding a subdivision

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to read:

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Subd. 34. Foreign service pension; retirement pay. Compensation received from a

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pension or other retirement pay from the federal government for service in the foreign

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service and established under United States Code, title 22, section 4071, is a subtraction.

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

1.12

31, 2022.

1.13

Sec. 2. Minnesota Statutes 2022, section 290.091, subdivision 2, as amended by Laws

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2023, chapter 1, section 18, is amended to read:

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Subd. 2. **Definitions.** For purposes of the tax imposed by this section, the following

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terms have the meanings given.

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(a) "Alternative minimum taxable income" means the sum of the following for the taxable

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year:

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(1) the taxpayer's federal alternative minimum taxable income as defined in section

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55(b)(1)(D) of the Internal Revenue Code;

(2) the taxpayer's itemized deductions allowed in computing federal alternative minimum taxable income, but excluding:

(i) the charitable contribution deduction under section 170 of the Internal Revenue Code;

(ii) the medical expense deduction;

(iii) the casualty, theft, and disaster loss deduction; and

(iv) the impairment-related work expenses of a person with a disability;

(3) for depletion allowances computed under section 613A(c) of the Internal Revenue Code, with respect to each property (as defined in section 614 of the Internal Revenue Code), to the extent not included in federal alternative minimum taxable income, the excess of the deduction for depletion allowable under section 611 of the Internal Revenue Code for the taxable year over the adjusted basis of the property at the end of the taxable year (determined without regard to the depletion deduction for the taxable year);

(4) to the extent not included in federal alternative minimum taxable income, the amount of the tax preference for intangible drilling cost under section 57(a)(2) of the Internal Revenue Code determined without regard to subparagraph (E);

(5) to the extent not included in federal alternative minimum taxable income, the amount of interest income as provided by section 290.0131, subdivision 2;

(6) the amount of addition required by section 290.0131, subdivisions 9, 10, and 16;

(7) the deduction allowed under section 199A of the Internal Revenue Code, to the extent not included in the addition required under clause (6); and

(8) to the extent not included in federal alternative minimum taxable income, the amount of foreign-derived intangible income deducted under section 250 of the Internal Revenue Code;

less the sum of the amounts determined under the following:

(i) interest income as defined in section 290.0132, subdivision 2;

(ii) an overpayment of state income tax as provided by section 290.0132, subdivision 3, to the extent included in federal alternative minimum taxable income;

(iii) the amount of investment interest paid or accrued within the taxable year on indebtedness to the extent that the amount does not exceed net investment income, as defined in section 163(d)(4) of the Internal Revenue Code. Interest does not include amounts deducted in computing federal adjusted gross income;

(iv) amounts subtracted from federal taxable or adjusted gross income as provided by section 290.0132, subdivisions 7, 9 to 15, 17, 21, 24, 26 to 29, ~~and 31~~, and 34;

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

(vi) the amount allowable as a Minnesota itemized deduction under section 290.0122, subdivision 7.

In the case of an estate or trust, alternative minimum taxable income must be computed as provided in section 59(c) of the Internal Revenue Code, except alternative minimum taxable income must be increased by the addition in section 290.0131, subdivision 16.

(b) "Investment interest" means investment interest as defined in section 163(d)(3) of the Internal Revenue Code.

(c) "Net minimum tax" means the minimum tax imposed by this section.

(d) "Regular tax" means the tax that would be imposed under this chapter (without regard to this section and section 290.032), reduced by the sum of the nonrefundable credits allowed under this chapter.

(e) "Tentative minimum tax" equals 6.75 percent of alternative minimum taxable income after subtracting the exemption amount determined under subdivision 3.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2022.