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State of Minnesota
HOUSE OF REPRESENTATIVES

EIGHTY-SEVENTH SESSION

H. F. No. 2773

03/12/2012 Authored by Atkins and Davids
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 taxation; individual income; conforming to individual retirement
1.3 account rollover provisions; amending Minnesota Statutes 2011 Supplement,
1.4 sections 289A.02, subdivision 7; 290.01, subdivisions 19, 31; 290A.03,
1.5 subdivision 15; 291.005, subdivision 1.

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

1.7 Section 1. Minnesota Statutes 2011 Supplement, section 289A.02, subdivision 7,
1.8 is amended to read:

1.9 Subd. 7. **Internal Revenue Code.** Unless specifically defined otherwise, "Internal
1.10 Revenue Code" means the Internal Revenue Code of 1986, as amended through ~~April 14,~~
1.11 ~~2011~~ February 14, 2012.

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

1.13 Sec. 2. Minnesota Statutes 2011 Supplement, section 290.01, subdivision 19, is
1.14 amended to read:

1.15 Subd. 19. **Net income.** The term "net income" means the federal taxable income,
1.16 as defined in section 63 of the Internal Revenue Code of 1986, as amended through the
1.17 date named in this subdivision, incorporating the federal effective dates of changes to the
1.18 Internal Revenue Code and any elections made by the taxpayer in accordance with the
1.19 Internal Revenue Code in determining federal taxable income for federal income tax
1.20 purposes, and with the modifications provided in subdivisions 19a to 19f.

1.21 In the case of a regulated investment company or a fund thereof, as defined in section
1.22 851(a) or 851(g) of the Internal Revenue Code, federal taxable income means investment

2.1 company taxable income as defined in section 852(b)(2) of the Internal Revenue Code,
2.2 except that:

2.3 (1) the exclusion of net capital gain provided in section 852(b)(2)(A) of the Internal
2.4 Revenue Code does not apply;

2.5 (2) the deduction for dividends paid under section 852(b)(2)(D) of the Internal
2.6 Revenue Code must be applied by allowing a deduction for capital gain dividends and
2.7 exempt-interest dividends as defined in sections 852(b)(3)(C) and 852(b)(5) of the Internal
2.8 Revenue Code; and

2.9 (3) the deduction for dividends paid must also be applied in the amount of any
2.10 undistributed capital gains which the regulated investment company elects to have treated
2.11 as provided in section 852(b)(3)(D) of the Internal Revenue Code.

2.12 The net income of a real estate investment trust as defined and limited by section
2.13 856(a), (b), and (c) of the Internal Revenue Code means the real estate investment trust
2.14 taxable income as defined in section 857(b)(2) of the Internal Revenue Code.

2.15 The net income of a designated settlement fund as defined in section 468B(d) of
2.16 the Internal Revenue Code means the gross income as defined in section 468B(b) of the
2.17 Internal Revenue Code.

2.18 The Internal Revenue Code of 1986, as amended through ~~April 14, 2011~~ February
2.19 14, 2012, shall be in effect for taxable years beginning after December 31, 1996. The
2.20 provisions of the act of January 22, 2010, Public Law 111-126, to accelerate the benefits
2.21 for charitable cash contributions for the relief of victims of the Haitian earthquake, are
2.22 effective at the same time they became effective for federal purposes and apply to the
2.23 subtraction under subdivision 19b, clause (6). The provisions of title II, section 2112, of
2.24 the act of September 27, 2010, Public Law 111-240, rollovers from elective deferral plans
2.25 to designated Roth accounts, are effective at the same time they became effective for
2.26 federal purposes and taxable rollovers are included in net income at the same time they
2.27 are included in gross income for federal purposes. The provisions of title XI, section
2.28 1106, of the act of February 14, 2012, Public Law 112-95, rollover of amounts received
2.29 in airline carrier bankruptcy, are effective at the same time they became effective for
2.30 federal purposes and are excluded from net income at the same time they are excluded
2.31 from gross income for federal purposes.

2.32 Except as otherwise provided, references to the Internal Revenue Code in
2.33 subdivisions 19 to 19f mean the code in effect for purposes of determining net income for
2.34 the applicable year.

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

3.1 Sec. 3. Minnesota Statutes 2011 Supplement, section 290.01, subdivision 31, is
 3.2 amended to read:

3.3 Subd. 31. **Internal Revenue Code.** Unless specifically defined otherwise, "Internal
 3.4 Revenue Code" means the Internal Revenue Code of 1986, as amended through ~~April 14,~~
 3.5 ~~2011~~ February 14, 2012. Internal Revenue Code also includes any uncodified provision in
 3.6 federal law that relates to provisions of the Internal Revenue Code that are incorporated
 3.7 into Minnesota law. When used in this chapter, the reference to "subtitle A, chapter 1,
 3.8 subchapter N, part 1, of the Internal Revenue Code" is to the Internal Revenue Code as
 3.9 amended through March 18, 2010.

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

3.11 Sec. 4. Minnesota Statutes 2011 Supplement, section 290A.03, subdivision 15, is
 3.12 amended to read:

3.13 Subd. 15. **Internal Revenue Code.** "Internal Revenue Code" means the Internal
 3.14 Revenue Code of 1986, as amended through ~~April 14, 2011~~ February 14, 2012.

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

3.16 Sec. 5. Minnesota Statutes 2011 Supplement, section 291.005, subdivision 1, is
 3.17 amended to read:

3.18 Subdivision 1. **Scope.** Unless the context otherwise clearly requires, the following
 3.19 terms used in this chapter shall have the following meanings:

3.20 (1) "Commissioner" means the commissioner of revenue or any person to whom the
 3.21 commissioner has delegated functions under this chapter.

3.22 (2) "Federal gross estate" means the gross estate of a decedent as required to be
 3.23 valued and otherwise determined for federal estate tax purposes under the Internal
 3.24 Revenue Code.

3.25 (3) "Internal Revenue Code" means the United States Internal Revenue Code of
 3.26 1986, as amended through ~~April 14, 2011~~ February 14, 2012, but without regard to the
 3.27 provisions of sections 501 and 901 of Public Law 107-16, as amended by Public Law
 3.28 111-312, and section 301(c) of Public Law 111-312.

3.29 (4) "Minnesota adjusted taxable estate" means federal adjusted taxable estate as
 3.30 defined by section 2011(b)(3) of the Internal Revenue Code, plus

3.31 (i) the amount of deduction for state death taxes allowed under section 2058 of
 3.32 the Internal Revenue Code; less

4.1 (ii)(A) the value of qualified small business property under section 291.03,
4.2 subdivision 9, and the value of qualified farm property under section 291.03, subdivision
4.3 10, or (B) \$4,000,000, whichever is less.

4.4 (5) "Minnesota gross estate" means the federal gross estate of a decedent after (a)
4.5 excluding therefrom any property included therein which has its situs outside Minnesota,
4.6 and (b) including therein any property omitted from the federal gross estate which is
4.7 includable therein, has its situs in Minnesota, and was not disclosed to federal taxing
4.8 authorities.

4.9 (6) "Nonresident decedent" means an individual whose domicile at the time of
4.10 death was not in Minnesota.

4.11 (7) "Personal representative" means the executor, administrator or other person
4.12 appointed by the court to administer and dispose of the property of the decedent. If there
4.13 is no executor, administrator or other person appointed, qualified, and acting within this
4.14 state, then any person in actual or constructive possession of any property having a situs in
4.15 this state which is included in the federal gross estate of the decedent shall be deemed
4.16 to be a personal representative to the extent of the property and the Minnesota estate tax
4.17 due with respect to the property.

4.18 (8) "Resident decedent" means an individual whose domicile at the time of death
4.19 was in Minnesota.

4.20 (9) "Situs of property" means, with respect to real property, the state or country in
4.21 which it is located; with respect to tangible personal property, the state or country in which
4.22 it was normally kept or located at the time of the decedent's death; and with respect to
4.23 intangible personal property, the state or country in which the decedent was domiciled
4.24 at death.

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

4.26 Sec. 6. **AMENDED RETURNS; CERTAIN IRA ROLLOVERS.**

4.27 An individual who excludes an amount from net income in a prior taxable year
4.28 through rollover of an airline payment amount to a traditional IRA, as authorized under
4.29 Public Law 112-95, section 1106, may file an amended individual income tax return and
4.30 claim for refund of state taxes as provided under Minnesota Statutes, section 289A.40,
4.31 subdivision 1, or, if later, by April 15, 2013.

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