

SENATE
STATE OF MINNESOTA
NINETIETH SESSION

S.F. No. 2523

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DATE	D-PG	OFFICIAL STATUS
02/20/2018	6136	Introduction and first reading Referred to Taxes
02/22/2018	6171	Author added Dzedzic
02/26/2018	6210	Author added Gazelka

1.1 A bill for an act
 1.2 relating to taxation; individual income and corporate franchise; providing for
 1.3 conformity to the Disaster Tax Relief and Airport and Airway Extension Act;
 1.4 amending Minnesota Statutes 2017 Supplement, sections 289A.02, subdivision 7;
 1.5 290.01, subdivisions 19, 31; 290A.03, subdivision 15.

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

1.7 Section 1. Minnesota Statutes 2017 Supplement, section 289A.02, subdivision 7, is
 1.8 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 ~~December~~
 1.11 ~~16, 2016~~ September 29, 2017.

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

1.13 Sec. 2. Minnesota Statutes 2017 Supplement, section 290.01, subdivision 19, is amended
 1.14 to read:

1.15 Subd. 19. **Net income.** The term "net income" means the federal taxable income, as
 1.16 defined in section 63 of the Internal Revenue Code of 1986, as amended through the date
 1.17 named in this subdivision, incorporating the federal effective dates of changes to the Internal
 1.18 Revenue Code and any elections made by the taxpayer in accordance with the Internal
 1.19 Revenue Code in determining federal taxable income for federal income tax purposes, and
 1.20 with the modifications provided in sections 290.0131 to 290.0136.

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 Revenue
2.6 Code must be applied by allowing a deduction for capital gain dividends and exempt-interest
2.7 dividends as defined in sections 852(b)(3)(C) and 852(b)(5) of the Internal Revenue Code;
2.8 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 856(a),
2.13 (b), and (c) of the Internal Revenue Code means the real estate investment trust taxable
2.14 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 the
2.16 Internal Revenue Code means the gross income as defined in section 468B(b) of the Internal
2.17 Revenue Code.

2.18 The Internal Revenue Code of 1986, as amended through ~~December 16, 2016~~ September
2.19 29, 2017, shall be in effect for taxable years beginning after December 31, 1996.

2.20 Except as otherwise provided, references to the Internal Revenue Code in this subdivision
2.21 and sections 290.0131 to 290.0136 mean the code in effect for purposes of determining net
2.22 income for the applicable year.

2.23 **EFFECTIVE DATE.** This section is effective the day following final enactment, except
2.24 the changes incorporated by federal changes are effective retroactively at the same time as
2.25 the changes were effective for federal purposes.

2.26 Sec. 3. Minnesota Statutes 2017 Supplement, section 290.01, subdivision 31, is amended
2.27 to read:

2.28 Subd. 31. **Internal Revenue Code.** Unless specifically defined otherwise, "Internal
2.29 Revenue Code" means the Internal Revenue Code of 1986, as amended through ~~December~~
2.30 ~~16, 2016~~ September 29, 2017. Internal Revenue Code also includes any uncodified provision
2.31 in federal law that relates to provisions of the Internal Revenue Code that are incorporated
2.32 into Minnesota law. When used in this chapter, the reference to "subtitle A, chapter 1,

3.1 subchapter N, part 1, of the Internal Revenue Code" is to the Internal Revenue Code as
3.2 amended through March 18, 2010.

3.3 **EFFECTIVE DATE.** This section is effective the day following final enactment, except
3.4 the changes incorporated by federal changes are effective retroactively at the same time as
3.5 the changes were effective for federal purposes.

3.6 Sec. 4. Minnesota Statutes 2017 Supplement, section 290A.03, subdivision 15, is amended
3.7 to read:

3.8 Subd. 15. **Internal Revenue Code.** "Internal Revenue Code" means the Internal Revenue
3.9 Code of 1986, as amended through ~~December 16, 2016~~ September 29, 2017.

3.10 **EFFECTIVE DATE.** This section is effective for property tax refunds based on property
3.11 taxes payable after December 31, 2017, and rent paid after December 31, 2016.