

**SENATE  
STATE OF MINNESOTA  
SPECIAL SESSION**

**S.F. No. 27**

(SENATE AUTHORS: CHAMBERLAIN)

DATE	D-PG	OFFICIAL STATUS
06/12/2020	17	Introduction and first reading By Motion, Laid on Table
06/15/2020	47	Taken from table
	47	Second reading Laid on table

- 1.1 A bill for an act
- 1.2 relating to taxation; tax relief for destroyed property; providing property tax
- 1.3 abatement and exemption; providing a sales tax exemption and jobs credit;
- 1.4 appropriating money; amending Minnesota Statutes 2018, sections 290.0132, by
- 1.5 adding a subdivision; 290.0134, by adding a subdivision; 290.0922, subdivision
- 1.6 2; 297A.71, by adding a subdivision; Minnesota Statutes 2019 Supplement, sections
- 1.7 290.06, subdivision 2c; 290.091, subdivision 2; 290.0921, subdivision 3; Laws
- 1.8 2020, chapter 83, article 1, section 74; proposing coding for new law in Minnesota
- 1.9 Statutes, chapters 273; 290.
- 1.10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:
- 1.11 Section 1. **[273.1236] 2020 TAX RELIEF FOR DESTROYED PROPERTY.**
- 1.12 Subdivision 1. **Definitions.** (a) For purposes of this section, the following terms have
- 1.13 the meanings given.
- 1.14 (b) "Homestead property" has the meaning provided in section 273.1231, subdivision
- 1.15 4.
- 1.16 (c) "Nonhomestead property" has the meaning provided in section 273.1231, subdivision
- 1.17 5.
- 1.18 (d) "Net tax" has the meaning provided in section 273.1231, subdivision 6.
- 1.19 Subd. 2. **Authorization.** Homestead property and nonhomestead property located in
- 1.20 Hennepin County or Ramsey County may be eligible for relief under this section if the
- 1.21 county assessor determines that 50 percent or more of the homestead or nonhomestead
- 1.22 property was destroyed by arson or vandalism by someone other than the owner between
- 1.23 May 25, 2020, and June 8, 2020.

2.1 Subd. 3. **Application; determination and certification.** (a) By July 31, 2020, a property  
2.2 owner seeking relief under this section must submit a written application to the county  
2.3 assessor and county board. The county assessor may require any documentation necessary  
2.4 in making this determination.

2.5 (b) By August 14, 2020, the county assessor must determine and certify that 50 percent  
2.6 or more of the property was destroyed by arson or vandalism by someone other than the  
2.7 owner between May 25, 2020, and June 8, 2020. The county assessor must provide a copy  
2.8 of the certification to the Department of Revenue.

2.9 Subd. 4. **Reassessment; abatement; exemption.** (a) **Reassessments required.** The  
2.10 county assessor must reassess all property that the county certifies as having met the  
2.11 requirement of subdivision 3, paragraph (b). As soon as practicable, the assessor must report  
2.12 the reassessed value to the county auditor.

2.13 (b) **Abatement.** A property certified under subdivision 3, paragraph (b), shall receive  
2.14 an abatement of net tax for taxes payable in 2020 only as provided in section 273.1233,  
2.15 subdivision 2.

2.16 (c) **Exemption.** A property certified under subdivision 3, paragraph (b), shall be treated  
2.17 as exempt property as defined under section 272.02 for taxes payable in 2021 and 2022  
2.18 only.

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

2.20 Sec. 2. Minnesota Statutes 2018, section 290.0132, is amended by adding a subdivision  
2.21 to read:

2.22 Subd. 30. **Income derived from certain property.** (a) Subject to the limits of paragraph  
2.23 (b), the sum of the amounts calculated in this paragraph is a subtraction:

2.24 (1) the amount of net rents derived from real or tangible personal property located in or  
2.25 on qualified property; provided, however, that if tangible personal property was used both  
2.26 within and outside of the qualified property, the amount allowed under this clause must be  
2.27 multiplied by a fraction, the numerator of which is the number of days the tangible personal  
2.28 property was used in the qualified property in the taxable year, and the denominator of  
2.29 which is the total days in the taxable year; and

2.30 (2) the amount of net income derived from the operation of a trade or business located  
2.31 in or on qualified property; provided, however, that if the trade or business is carried on  
2.32 within and without the qualified property, the amount allowed under this clause must be  
2.33 multiplied by a fraction, the numerator of which is the amount of net income derived from

the trade or business located in or on qualified property, and the denominator of which is the total net income derived from the operation of the trade or business in Minnesota in the taxable year.

(b) The owner of qualified property must provide notice of determination under section 273.1236, subdivision 3, in writing to all tenants or lessees operating a trade or business in the qualified property.

(c) A tenant or lessee must not claim the subtraction under this subdivision if the tenant or lessee has not received the notice required under paragraph (b).

(d) For purposes of this subdivision, "qualified property" means real property that has received a determination under section 273.1236, subdivision 3.

**EFFECTIVE DATE.** This section is effective for taxable years beginning after December 31, 2019, and before January 1, 2022.

Sec. 3. Minnesota Statutes 2018, section 290.0134, is amended by adding a subdivision to read:

Subd. 20. **Income derived from certain property.** (a) The amount of income attributable to the operations of a qualified business is a subtraction; provided, however, that if the trade or business is carried on within and without the qualified property, the amount allowed under this clause must be multiplied by a fraction, the numerator of which is the amount of net income derived from the trade or business located in or on qualified property in the taxable year, and the denominator of which is the total net income derived from the operation of the trade or business in Minnesota in the taxable year.

(b) The owner of qualified property must provide notice of determination under section 273.1236, subdivision 3, in writing to all tenants or lessees operating a trade or business in the qualified property.

(c) A tenant or lessee must not claim the subtraction under this subdivision if the tenant or lessee has not received the notice required under paragraph (b).

(d) For purposes of this subdivision:

(1) "qualified property" has the meaning given in section 290.0132, subdivision 30, paragraph (d); and

(2) "qualified business" means a C corporation whose business operates in or on qualified property.

**EFFECTIVE DATE.** This section is effective for taxable years beginning after December 31, 2019, and before January 1, 2022.

Sec. 4. Minnesota Statutes 2019 Supplement, section 290.06, subdivision 2c, is amended to read:

Subd. 2c. **Schedules of rates for individuals, estates, and trusts.** (a) The income taxes imposed by this chapter upon married individuals filing joint returns and surviving spouses as defined in section 2(a) of the Internal Revenue Code must be computed by applying to their taxable net income the following schedule of rates:

(1) On the first \$38,770, 5.35 percent;

(2) On all over \$38,770, but not over \$154,020, 6.8 percent;

(3) On all over \$154,020, but not over \$269,010, 7.85 percent;

(4) On all over \$269,010, 9.85 percent.

Married individuals filing separate returns, estates, and trusts must compute their income tax by applying the above rates to their taxable income, except that the income brackets will be one-half of the above amounts after the adjustment required in subdivision 2d.

(b) The income taxes imposed by this chapter upon unmarried individuals must be computed by applying to taxable net income the following schedule of rates:

(1) On the first \$26,520, 5.35 percent;

(2) On all over \$26,520, but not over \$87,110, 6.8 percent;

(3) On all over \$87,110, but not over \$161,720, 7.85 percent;

(4) On all over \$161,720, 9.85 percent.

(c) The income taxes imposed by this chapter upon unmarried individuals qualifying as a head of household as defined in section 2(b) of the Internal Revenue Code must be computed by applying to taxable net income the following schedule of rates:

(1) On the first \$32,650, 5.35 percent;

(2) On all over \$32,650, but not over \$131,190, 6.8 percent;

(3) On all over \$131,190, but not over \$214,980, 7.85 percent;

(4) On all over \$214,980, 9.85 percent.

(d) In lieu of a tax computed according to the rates set forth in this subdivision, the tax of any individual taxpayer whose taxable net income for the taxable year is less than an

amount determined by the commissioner must be computed in accordance with tables prepared and issued by the commissioner of revenue based on income brackets of not more than \$100. The amount of tax for each bracket shall be computed at the rates set forth in this subdivision, provided that the commissioner may disregard a fractional part of a dollar unless it amounts to 50 cents or more, in which case it may be increased to \$1.

(e) An individual who is not a Minnesota resident for the entire year must compute the individual's Minnesota income tax as provided in this subdivision. After the application of the nonrefundable credits provided in this chapter, the tax liability must then be multiplied by a fraction in which:

(1) the numerator is the individual's Minnesota source federal adjusted gross income as defined in section 62 of the Internal Revenue Code and increased by:

(i) the additions required under sections 290.0131, subdivisions 2, 6, 8 to 10, 16, and 17, and 290.0137, paragraph (a); and reduced by

(ii) the Minnesota assignable portion of the subtraction for United States government interest under section 290.0132, subdivision 2, the subtractions under sections 290.0132, subdivisions 9, 10, 14, 15, 17, 18, ~~and 27, and 30~~, and 290.0137, paragraph (c), after applying the allocation and assignability provisions of section 290.081, clause (a), or 290.17; and

(2) the denominator is the individual's federal adjusted gross income as defined in section 62 of the Internal Revenue Code, increased by:

(i) the additions required under sections 290.0131, subdivisions 2, 6, 8 to 10, 16, and 17, and 290.0137, paragraph (a); and reduced by

(ii) the subtractions under sections 290.0132, subdivisions 2, 9, 10, 14, 15, 17, 18, ~~and 27, and 30~~, and 290.0137, paragraph (c).

**EFFECTIVE DATE.** This section is effective for taxable years beginning after December 31, 2019, and before January 1, 2025.

**Sec. 5. [290.0693] JOB CREDIT FOR BUSINESSES AFFECTED BY CERTAIN DESTROYED PROPERTY.**

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

(b) "Qualified property" has the meaning provided in section 290.0132, subdivision 30, paragraph (d).

(c) "Qualified business" means a business located in or on qualified property.

6.1 (d) "Minnesota payroll" means:

6.2 (1) the wages or salaries attributable to Minnesota under section 290.191, subdivision  
6.3 12, for the qualified business; or

6.4 (2) for a qualified business that paid wages or salaries attributable to Minnesota under  
6.5 section 290.191, subdivision 12, to more than 20 individuals, the average of all wages or  
6.6 salaries attributable to Minnesota under section 290.191, subdivision 12, for the qualified  
6.7 business, multiplied by 20.

6.8 Subd. 2. **Credit allowed.** A qualified business is allowed a credit against the tax imposed  
6.9 by this chapter.

6.10 Subd. 3. **Calculation of credit.** (a) For the taxable year beginning after December 31,  
6.11 2019, and before January 1, 2021, the credit equals the difference between the Minnesota  
6.12 payroll attributable to the qualified business for taxable years beginning after December  
6.13 31, 2018, and before January 1, 2020, and the Minnesota payroll attributable to the qualified  
6.14 business for the period beginning January 1, 2020, to May 25, 2020. In no case shall the  
6.15 credit be less than zero.

6.16 (b) For the taxable year beginning after December 31, 2020, and before January 1, 2022,  
6.17 the credit equals the lesser of the Minnesota payroll attributable to the qualified business  
6.18 in the taxable year, and the Minnesota payroll attributable to the qualified business in the  
6.19 taxable year beginning after December 31, 2018, and before January 1, 2020. In no case  
6.20 shall the credit be less than zero.

6.21 (c) If the trade or operations of a qualified business are carried on within and without  
6.22 qualified property, the credit amount allowed under paragraphs (a) and (b) must be multiplied  
6.23 by a fraction, the numerator of which is the Minnesota payroll attributable to the qualified  
6.24 property in this taxable year, and the denominator of which is the total Minnesota payroll  
6.25 in the taxable year.

6.26 Subd. 4. **Credit refundable.** If the amount of the credit exceeds the liability of a qualified  
6.27 business for tax under this chapter, the commissioner of revenue shall refund the excess to  
6.28 the qualified business.

6.29 Subd. 5. **Appropriation.** An amount sufficient to pay the refunds authorized by this  
6.30 section is appropriated to the commissioner of revenue from the general fund.

6.31 **EFFECTIVE DATE.** This section is effective the day following final enactment for  
6.32 taxable years beginning after December 31, 2019, and before January 1, 2022.

7.1 Sec. 6. Minnesota Statutes 2019 Supplement, section 290.091, subdivision 2, is amended  
7.2 to read:

7.3 Subd. 2. **Definitions.** For purposes of the tax imposed by this section, the following  
7.4 terms have the meanings given.

7.5 (a) "Alternative minimum taxable income" means the sum of the following for the taxable  
7.6 year:

7.7 (1) the taxpayer's federal alternative minimum taxable income as defined in section  
7.8 55(b)(2) of the Internal Revenue Code;

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

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

7.12 (ii) the medical expense deduction;

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

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

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

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

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

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

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

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

8.1 less the sum of the amounts determined under the following:

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

8.3 (ii) an overpayment of state income tax as provided by section 290.0132, subdivision  
8.4 3, to the extent included in federal alternative minimum taxable income;

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

8.9 (iv) amounts subtracted from federal taxable or adjusted gross income as provided by  
8.10 section 290.0132, subdivisions 7, 9 to 15, 17, 21, 24, and 26 to ~~29~~ 30;

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

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

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

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

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

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

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

8.26 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
8.27 31, 2019, and before January 1, 2025.

8.28 Sec. 7. Minnesota Statutes 2019 Supplement, section 290.0921, subdivision 3, is amended  
8.29 to read:

8.30 Subd. 3. **Alternative minimum taxable income.** "Alternative minimum taxable income"  
8.31 is Minnesota net income as defined in section 290.01, subdivision 19, and includes the



adjustments and tax preference items in sections 56, 57, 58, and 59(d), (e), (f), and (h) of the Internal Revenue Code. If a corporation files a separate company Minnesota tax return, the minimum tax must be computed on a separate company basis. If a corporation is part of a tax group filing a unitary return, the minimum tax must be computed on a unitary basis. The following adjustments must be made.

(1) The portion of the depreciation deduction allowed for federal income tax purposes under section 168(k) of the Internal Revenue Code that is required as an addition under section 290.0133, subdivision 11, is disallowed in determining alternative minimum taxable income.

(2) The subtraction for depreciation allowed under section 290.0134, subdivision 13, is allowed as a depreciation deduction in determining alternative minimum taxable income.

(3) The alternative tax net operating loss deduction under sections 56(a)(4) and 56(d) of the Internal Revenue Code does not apply.

(4) The special rule for certain dividends under section 56(g)(4)(C)(ii) of the Internal Revenue Code does not apply.

(5) The tax preference for depletion under section 57(a)(1) of the Internal Revenue Code does not apply.

(6) The tax preference for tax exempt interest under section 57(a)(5) of the Internal Revenue Code does not apply.

(7) The tax preference for charitable contributions of appreciated property under section 57(a)(6) of the Internal Revenue Code does not apply.

(8) For purposes of calculating the adjustment for adjusted current earnings in section 56(g) of the Internal Revenue Code, the term "alternative minimum taxable income" as it is used in section 56(g) of the Internal Revenue Code, means alternative minimum taxable income as defined in this subdivision, determined without regard to the adjustment for adjusted current earnings in section 56(g) of the Internal Revenue Code.

(9) For purposes of determining the amount of adjusted current earnings under section 56(g)(3) of the Internal Revenue Code, no adjustment shall be made under section 56(g)(4) of the Internal Revenue Code with respect to (i) the amount of foreign dividend gross-up subtracted as provided in section 290.0134, subdivision 2, or (ii) the amount of refunds of income, excise, or franchise taxes subtracted as provided in section 290.0134, subdivision 8.

(10) Alternative minimum taxable income excludes the income from operating in a job opportunity building zone as provided under section 469.317.

Items of tax preference must not be reduced below zero as a result of the modifications in this subdivision.

(11) The subtraction for disallowed section 280E expenses under section 290.0134, subdivision 19, is allowed as a deduction in determining alternative minimum taxable income.

(12) Alternative minimum taxable income excludes the income of a qualified business, as defined under section 290.0134, subdivision 20, paragraph (d), clause (2).

**EFFECTIVE DATE.** This section is effective for taxable years beginning after December 31, 2019, and before January 1, 2025.

Sec. 8. Minnesota Statutes 2018, section 290.0922, subdivision 2, is amended to read:

Subd. 2. **Exemptions.** The following entities are exempt from the tax imposed by this section:

(1) corporations exempt from tax under section 290.05;

(2) real estate investment trusts;

(3) regulated investment companies or a fund thereof;

(4) entities having a valid election in effect under section 860D(b) of the Internal Revenue Code;

(5) township mutual insurance companies;

(6) cooperatives organized under chapter 308A or 308B that provide housing exclusively to persons age 55 and over and are classified as homesteads under section 273.124, subdivision 3; ~~and~~

(7) a qualified business as defined under section 469.310, subdivision 11, if for the taxable year all of its property is located in a job opportunity building zone designated under section 469.314 and all of its payroll is a job opportunity building zone payroll under section 469.310; and

(8) a qualified business as defined under section 290.0134, subdivision 20, paragraph (d), clause (2), if for the taxable year all of its real property is qualified property, as defined under section 290.0134, subdivision 20, paragraph (d), clause (1), and all of its payroll is Minnesota payroll, as defined under section 290.0693, subdivision 1, paragraph (d).

11.1 Entities not specifically exempted by this subdivision are subject to tax under this section,  
11.2 notwithstanding section 290.05.

11.3 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
11.4 31, 2019, and before January 1, 2025.

11.5 Sec. 9. Minnesota Statutes 2018, section 297A.71, is amended by adding a subdivision to  
11.6 read:

11.7 Subd. 53. **Construction materials; destroyed property.** Building materials and supplies  
11.8 used in, and equipment incorporated into, the construction or replacement of real property  
11.9 that has received a determination under section 273.1236, subdivision 3, are exempt. The  
11.10 tax must be imposed and collected as if the rate under section 297A.62, subdivision 1,  
11.11 applied and then refunded in the manner provided in section 297A.75. Applicants must  
11.12 provide proof of the determination received under section 273.1236, subdivision 3.

11.13 **EFFECTIVE DATE.** This section is effective retroactively for sales and purchases  
11.14 made on or after May 25, 2020, and before January 1, 2022.

11.15 Sec. 10. Laws 2020, chapter 83, article 1, section 74, is amended to read:

11.16 Sec. 74. Minnesota Statutes 2019 Supplement, section 297A.75, subdivision 1, is amended  
11.17 to read:

11.18 Subdivision 1. **Tax collected.** The tax on the gross receipts from the sale of the following  
11.19 exempt items must be imposed and collected as if the sale were taxable and the rate under  
11.20 section 297A.62, subdivision 1, applied. The exempt items include:

11.21 (1) building materials for an agricultural processing facility exempt under section  
11.22 297A.71, subdivision 13;

11.23 (2) building materials for mineral production facilities exempt under section 297A.71,  
11.24 subdivision 14;

11.25 (3) building materials for correctional facilities under section 297A.71, subdivision 3;

11.26 (4) building materials used in a residence for veterans with a disability exempt under  
11.27 section 297A.71, subdivision 11;

11.28 (5) elevators and building materials exempt under section 297A.71, subdivision 12;

11.29 (6) materials and supplies for qualified low-income housing under section 297A.71,  
11.30 subdivision 23;

12.1 (7) materials, supplies, and equipment for municipal electric utility facilities under  
12.2 section 297A.71, subdivision 35;

12.3 (8) equipment and materials used for the generation, transmission, and distribution of  
12.4 electrical energy and an aerial camera package exempt under section 297A.68, subdivision  
12.5 37;

12.6 (9) commuter rail vehicle and repair parts under section 297A.70, subdivision 3, paragraph  
12.7 (a), clause (10);

12.8 (10) materials, supplies, and equipment for construction or improvement of projects and  
12.9 facilities under section 297A.71, subdivision 40;

12.10 (11) materials, supplies, and equipment for construction, improvement, or expansion of  
12.11 a biopharmaceutical manufacturing facility exempt under section 297A.71, subdivision  
12.12 45;

12.13 (12) enterprise information technology equipment and computer software for use in a  
12.14 qualified data center exempt under section 297A.68, subdivision 42;

12.15 (13) materials, supplies, and equipment for qualifying capital projects under section  
12.16 297A.71, subdivision 44, paragraph (a), clause (1), and paragraph (b);

12.17 (14) items purchased for use in providing critical access dental services exempt under  
12.18 section 297A.70, subdivision 7, paragraph (c);

12.19 (15) items and services purchased under a business subsidy agreement for use or  
12.20 consumption primarily in greater Minnesota exempt under section 297A.68, subdivision  
12.21 44;

12.22 (16) building materials, equipment, and supplies for constructing or replacing real  
12.23 property exempt under section 297A.71, subdivisions 49; 50, paragraph (b); ~~and 51; and~~  
12.24 53; and

12.25 (17) building materials, equipment, and supplies for qualifying capital projects under  
12.26 section 297A.71, subdivision 52.

12.27 **EFFECTIVE DATE.** This section is effective retroactively for sales and purchases  
12.28 made on or after May 25, 2020, and before January 1, 2022.