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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETIETH SESSION

H. F. No. 1086

02/13/2017 Authored by Anderson, S.; Davnie; Hertaus; Marquart and Dettmer 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; allowing subtractions for mortgage insurance
1.3 premiums and discharges of qualified principal residence indebtedness; amending
1.4 Minnesota Statutes 2016, sections 290.0132, by adding subdivisions; 290.091,
1.5 subdivision 2.

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

1.7 Section 1. Minnesota Statutes 2016, section 290.0132, is amended by adding a subdivision
1.8 to read:

1.9 Subd. 23. Discharge of qualified principal residence indebtedness. (a) The amount
1.10 of the discharge of qualified principal residence indebtedness allowed under section
1.11 108(a)(1)(E) of the Internal Revenue Code, is a subtraction, if section 108(a)(1)(E) of the
1.12 Internal Revenue Code, as amended, applies for the taxable year.

1.13 (b) The date named in subdivision 19 does not apply to this subdivision.

1.14 EFFECTIVE DATE. This section is effective for taxable years beginning after December
1.15 31, 2016.

1.16 Sec. 2. Minnesota Statutes 2016, section 290.0132, is amended by adding a subdivision
1.17 to read:

1.18 Subd. 24. Mortgage insurance premiums. (a) For individuals who claim itemized
1.19 deductions under section 63(d) of the Internal Revenue Code, the amount of mortgage
1.20 insurance premiums allowed as qualified residence interest under section 163(h)(3)(E) of
1.21 the Internal Revenue Code, is a subtraction, if section 163(h)(3)(E) of the Internal Revenue
1.22 Code, as amended, applies for the taxable year.

2.1 (b) The date named in subdivision 19 does not apply to this subdivision.

2.2 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
2.3 31, 2016.

2.4 Sec. 3. Minnesota Statutes 2016, section 290.091, subdivision 2, is amended to read:

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

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

2.9 (1) the taxpayer's federal alternative minimum taxable income as defined in section  
2.10 55(b)(2) of the Internal Revenue Code;

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

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

2.14 (ii) the medical expense deduction;

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

2.16 (iv) the impairment-related work expenses of a disabled person;

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

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

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

2.28 (6) the amount of addition required by section 290.0131, subdivisions 9 to 11;

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

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

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

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

3.7 (4) amounts subtracted from federal taxable income as provided by section 290.0132,  
3.8 subdivisions 7, 9 to 15, 17, ~~and 21~~, and 23; and

3.9 (5) the amount of the net operating loss allowed under section 290.095, subdivision 11,  
3.10 paragraph (c).

3.11 In the case of an estate or trust, alternative minimum taxable income must be computed  
3.12 as provided in section 59(c) of the Internal Revenue Code.

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

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

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

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

3.21 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
3.22 31, 2016.