

**SENATE**  
**STATE OF MINNESOTA**  
**EIGHTY-EIGHTH LEGISLATURE**

**S.F. No. 122**

(SENATE AUTHORS: ORTMAN and Senjem)

DATE	D-PG	OFFICIAL STATUS
01/28/2013	100	Introduction and first reading Referred to Taxes

A bill for an act

relating to taxation; conforming certain income, franchise, and property tax refund provisions for tax year 2012 to the provisions of the Federal Aviation Administration Modernization and Reform Act of 2012 and the American Taxpayer Relief Act of 2012; amending Minnesota Statutes 2012, sections 290.01, subdivisions 19, 31; 290A.03, subdivision 15.

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

Section 1. Minnesota Statutes 2012, section 290.01, subdivision 19, is amended to read:

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

In the case of a regulated investment company or a fund thereof, as defined in section 851(a) or 851(g) of the Internal Revenue Code, federal taxable income means investment company taxable income as defined in section 852(b)(2) of the Internal Revenue Code, except that:

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

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

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

2.4 The net income of a real estate investment trust as defined and limited by section  
 2.5 856(a), (b), and (c) of the Internal Revenue Code means the real estate investment trust  
 2.6 taxable income as defined in section 857(b)(2) of the Internal Revenue Code.

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

2.10 The Internal Revenue Code of 1986, as amended through April 14, 2011, shall be  
 2.11 in effect for taxable years beginning after December 31, 1996. ~~The provisions of the~~  
 2.12 ~~act of January 22, 2010, Public Law 111-126, to accelerate the benefits for charitable~~  
 2.13 ~~cash contributions for the relief of victims of the Haitian earthquake, are effective at the~~  
 2.14 ~~same time they became effective for federal purposes and apply to the subtraction under~~  
 2.15 ~~subdivision 19b, clause (6). The provisions of title II, section 2112, of the act of September~~  
 2.16 ~~27, 2010, Public Law 111-240, rollovers from elective deferral plans to designated Roth~~  
 2.17 ~~accounts, are effective at the same time they became effective for federal purposes and~~  
 2.18 ~~taxable rollovers are included in net income at the same time they are included in gross~~  
 2.19 ~~income for federal purposes, and before January 1, 2012, and for taxable years beginning~~  
 2.20 ~~after December 31, 2012. The Internal Revenue Code of 1986, as amended through~~  
 2.21 ~~January 3, 2013, is in effect for taxable years beginning after December 31, 2011, and~~  
 2.22 ~~before January 1, 2013.~~

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

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

2.27 Sec. 2. Minnesota Statutes 2012, section 290.01, subdivision 31, is amended to read:

2.28 Subd. 31. **Internal Revenue Code.** Unless specifically defined otherwise, for  
 2.29 taxable years beginning before January 1, 2012, and after December 31, 2012, "Internal  
 2.30 Revenue Code" means the Internal Revenue Code of 1986, as amended through April 14,  
 2.31 2011; and for taxable years beginning after December 31, 2011, and before January 1,  
 2.32 2013, "Internal Revenue Code" means the Internal Revenue Code of 1986, as amended  
 2.33 through January 3, 2013. Internal Revenue Code also includes any uncodified provision in  
 2.34 federal law that relates to provisions of the Internal Revenue Code that are incorporated  
 2.35 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  
3.4 except the changes incorporated by federal changes are effective at the same time as the  
3.5 changes were effective for federal purposes.

3.6 Sec. 3. Minnesota Statutes 2012, section 290A.03, subdivision 15, is amended to read:

3.7 Subd. 15. **Internal Revenue Code.** For taxable years beginning before January 1,  
3.8 2012, and after December 31, 2012, "Internal Revenue Code" means the Internal Revenue  
3.9 Code of 1986, as amended through April 14, 2011; and for taxable years beginning after  
3.10 December 31, 2011, and before January 1, 2013, "Internal Revenue Code" means the  
3.11 Internal Revenue Code of 1986, as amended through January 3, 2013.

3.12 **EFFECTIVE DATE.** This section is effective for property tax refunds based on  
3.13 property taxes payable after December 31, 2012, and rent paid after December 31, 2011.

3.14 Sec. 4. **AMENDED RETURNS; CERTAIN IRA ROLLOVERS.**

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

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