

**SENATE  
STATE OF MINNESOTA  
NINETY-FIRST SESSION**

**S.F. No. 3168**

(SENATE AUTHORS: EKEN)

DATE  
02/13/2020

D-PG  
4761 Introduction and first reading  
Referred to Taxes

OFFICIAL STATUS

1.1 A bill for an act  
1.2 relating to taxation; income and corporate franchise; providing that certain gains  
1.3 or losses on like-kind exchanges be recognized over a period of years; modifying  
1.4 additions and subtractions; amending Minnesota Statutes 2018, sections 290.0131,  
1.5 by adding a subdivision; 290.0132, by adding a subdivision; 290.0133, by adding  
1.6 a subdivision; 290.0134, by adding a subdivision.

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

1.8 Section 1. Minnesota Statutes 2018, section 290.0131, is amended by adding a subdivision  
1.9 to read:

1.10 Subd. 19. Gain or loss on like-kind exchange. In each of the five taxable years  
1.11 immediately following the taxable year in which a subtraction is required under section  
1.12 290.0132, subdivision 30, or 290.0134, subdivision 20, for a shareholder of a corporation  
1.13 that is an S corporation, an amount equal to one-fifth of the subtraction made by the taxpayer  
1.14 under section 290.0132, subdivision 30, or 290.0134, subdivision 20, for a shareholder of  
1.15 a corporation that is an S corporation, is an addition.

1.16 EFFECTIVE DATE. This section is effective for taxable years beginning after December  
1.17 31, 2019.

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

1.20 Subd. 30. Gain or loss on like-kind exchange. Eighty percent of the amount of a gain  
1.21 or loss, excluding a gain or loss recognized under section 1031 of the Internal Revenue  
1.22 Code, that is not recognized under section 1031 of the Internal Revenue Code of 1986, as  
1.23 amended through December 16, 2016, is a subtraction.

2.1 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
2.2 31, 2019.

2.3 Sec. 3. Minnesota Statutes 2018, section 290.0133, is amended by adding a subdivision  
2.4 to read:

2.5 Subd. 15. **Gain or loss on like-kind exchange.** In each of the five taxable years  
2.6 immediately following the taxable year in which a subtraction is required under section  
2.7 290.0134, subdivision 20, an amount equal to one-fifth of the subtraction made by the  
2.8 taxpayer under section 290.0134, subdivision 20, is an addition.

2.9 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
2.10 31, 2019.

2.11 Sec. 4. Minnesota Statutes 2018, section 290.0134, is amended by adding a subdivision  
2.12 to read:

2.13 Subd. 20. **Gain or loss on like-kind exchange.** Eighty percent of the amount of a gain  
2.14 or loss, excluding a gain or loss recognized under section 1031 of the Internal Revenue  
2.15 Code, that is not recognized under section 1031 of the Internal Revenue Code of 1986, as  
2.16 amended through December 16, 2016, is a subtraction.

2.17 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
2.18 31, 2019.