

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

S.F. No. 5085

(SENATE AUTHORS: REST)

DATE
03/20/2024

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Introduction and first reading
Referred to Taxes

OFFICIAL STATUS

1.1 A bill for an act
1.2 relating to taxation; making various policy and technical changes to individual
1.3 income and corporate franchise taxes, sales and use taxes, property taxes and local
1.4 government aids, and other miscellaneous taxes and tax-related provisions;
1.5 amending Minnesota Statutes 2022, sections 270C.445, subdivision 6; 289A.12,
1.6 subdivision 18; 297A.66, subdivision 3, by adding a subdivision; Minnesota
1.7 Statutes 2023 Supplement, sections 290.01, subdivision 19; 290.0134, subdivision
1.8 20; 290.0693, subdivisions 1, 6, 8; 477A.35, subdivision 6; Laws 2023, chapter
1.9 1, sections 22; 28.

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

1.11 Section 1. Minnesota Statutes 2022, section 270C.445, subdivision 6, is amended to read:

1.12 Subd. 6. **Enforcement; administrative order; penalties; cease and desist.** (a) The
1.13 commissioner may impose an administrative penalty of not more than \$1,000 per violation
1.14 of subdivision 3 or 5, or section 270C.4451, provided that a penalty may not be imposed
1.15 for any conduct for which a tax preparer penalty is imposed under section 289A.60,
1.16 subdivision 13. The commissioner may terminate a tax preparer's authority to transmit
1.17 returns electronically to the state, if the commissioner determines the tax preparer engaged
1.18 in a pattern and practice of violating this section. Imposition of a penalty under this paragraph
1.19 is subject to the contested case procedure under chapter 14. The commissioner shall collect
1.20 the penalty in the same manner as the income tax. There is no right to make a claim for
1.21 refund under section 289A.50 of the penalty imposed under this paragraph. Penalties imposed
1.22 under this paragraph are public data.

1.23 (b) In addition to the penalty under paragraph (a), if the commissioner determines that
1.24 a tax preparer has violated subdivision 3 or 5, or section 270C.4451, the commissioner may
1.25 issue an administrative order to the tax preparer requiring the tax preparer to cease and

2.1 desist from committing the violation. The administrative order may include an administrative
2.2 penalty provided in paragraph (a).

2.3 (c) If the commissioner issues an administrative order under paragraph (b), the
2.4 commissioner must send the order to the tax preparer addressed to the last known address
2.5 of the tax preparer.

2.6 (d) A cease and desist order under paragraph (b) must:

2.7 (1) describe the act, conduct, or practice committed and include a reference to the law
2.8 that the act, conduct, or practice violates; and

2.9 (2) provide notice that the tax preparer may request a hearing as provided in this
2.10 subdivision.

2.11 (e) Within 30 days after the commissioner issues an administrative order under paragraph
2.12 (b), the tax preparer may request a hearing to review the commissioner's action. The request
2.13 for hearing must be made in writing and must be served on the commissioner at the address
2.14 specified in the order. The hearing request must specifically state the reasons for seeking
2.15 review of the order. The date on which a request for hearing is served by mail is the postmark
2.16 date on the envelope in which the request for hearing is mailed.

2.17 (f) If a tax preparer does not timely request a hearing regarding an administrative order
2.18 issued under paragraph (b), the order becomes a final order of the commissioner and is not
2.19 subject to review by any court or agency.

2.20 (g) If a tax preparer timely requests a hearing regarding an administrative order issued
2.21 under paragraph (b), the hearing must be commenced by the issuance of a notice of and
2.22 order for hearing by the commissioner within ~~ten~~ 30 days after the commissioner receives
2.23 the request for a hearing.

2.24 (h) A hearing timely requested under paragraph (e) is subject to the contested case
2.25 procedure under chapter 14, as modified by this subdivision. The administrative law judge
2.26 must issue a report containing findings of fact, conclusions of law, and a recommended
2.27 order within ~~ten~~ 30 days after the completion of the hearing, the receipt of late-filed exhibits,
2.28 or the submission of written arguments, whichever is later.

2.29 (i) Within ~~five~~ 15 days of the date of the administrative law judge's report issued under
2.30 paragraph (h), any party aggrieved by the administrative law judge's report may submit
2.31 written exceptions and arguments to the commissioner. Within ~~15~~ 45 days after receiving
2.32 the administrative law judge's report, the commissioner must issue an order vacating,
2.33 modifying, or making final the administrative order.

3.1 (j) The commissioner and the tax preparer requesting a hearing may by agreement
3.2 lengthen any time periods prescribed in paragraphs (g) to (i).

3.3 (k) An administrative order issued under paragraph (b) is in effect until it is modified
3.4 or vacated by the commissioner or an appellate court. The administrative hearing provided
3.5 by paragraphs (e) to (i) and any appellate judicial review as provided in chapter 14 constitute
3.6 the exclusive remedy for a tax preparer aggrieved by the order.

3.7 (l) The commissioner may impose an administrative penalty, in addition to the penalty
3.8 under paragraph (a), up to \$5,000 per violation of a cease and desist order issued under
3.9 paragraph (b). Imposition of a penalty under this paragraph is subject to the contested case
3.10 procedure under chapter 14. Within 30 days after the commissioner imposes a penalty under
3.11 this paragraph, the tax preparer assessed the penalty may request a hearing to review the
3.12 penalty order. The request for hearing must be made in writing and must be served on the
3.13 commissioner at the address specified in the order. The hearing request must specifically
3.14 state the reasons for seeking review of the order. The cease and desist order issued under
3.15 paragraph (b) is not subject to review in a proceeding to challenge the penalty order under
3.16 this paragraph. The date on which a request for hearing is served by mail is the postmark
3.17 date on the envelope in which the request for hearing is mailed. If the tax preparer does not
3.18 timely request a hearing, the penalty order becomes a final order of the commissioner and
3.19 is not subject to review by any court or agency. A penalty imposed by the commissioner
3.20 under this paragraph may be collected and enforced by the commissioner as an income tax
3.21 liability. There is no right to make a claim for refund under section 289A.50 of the penalty
3.22 imposed under this paragraph. A penalty imposed under this paragraph is public data.

3.23 (m) If a tax preparer violates a cease and desist order issued under paragraph (b), the
3.24 commissioner may terminate the tax preparer's authority to transmit returns electronically
3.25 to the state. Termination under this paragraph is public data.

3.26 (n) A cease and desist order issued under paragraph (b) is public data when it is a final
3.27 order.

3.28 (o) Notwithstanding any other law, the commissioner may impose a penalty or take other
3.29 action under this subdivision against a tax preparer, with respect to a return, within the
3.30 period to assess tax on that return as provided by sections 289A.38 to 289A.382.

3.31 (p) Notwithstanding any other law, the imposition of a penalty or any other action against
3.32 a tax preparer under this subdivision, other than with respect to a return, must be taken by
3.33 the commissioner within five years of the violation of statute.

4.1 **EFFECTIVE DATE.** This section is effective for penalties assessed and orders issued
4.2 after the day following final enactment.

4.3 Sec. 2. Minnesota Statutes 2022, section 289A.12, subdivision 18, is amended to read:

4.4 Subd. 18. ~~Returns~~ **Return by qualified heirs.** A qualified heir, as defined in section
4.5 291.03, subdivision 8, paragraph (c), must file ~~two returns~~ a return with the commissioner
4.6 attesting that no disposition or cessation as provided by section 291.03, subdivision 11,
4.7 paragraph (a), occurred. ~~The first return must be filed no earlier than 24 months and no later~~
4.8 ~~than 26 months after the decedent's death.~~ The ~~second~~ return must be filed no earlier than
4.9 36 months and no later than 39 months after the decedent's death.

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

4.11 Sec. 3. Minnesota Statutes 2023 Supplement, section 290.01, subdivision 19, is amended
4.12 to read:

4.13 Subd. 19. **Net income.** (a) For a trust or estate taxable under section 290.03, and a
4.14 corporation taxable under section 290.02, the term "net income" means the federal taxable
4.15 income, as defined in section 63 of the Internal Revenue Code of 1986, as amended through
4.16 the date named in this subdivision, incorporating the federal effective dates of changes to
4.17 the Internal Revenue Code and any elections made by the taxpayer in accordance with the
4.18 Internal Revenue Code in determining federal taxable income for federal income tax
4.19 purposes, and with the modifications provided in sections 290.0131 to 290.0136.

4.20 (b) For an individual, the term "net income" means federal adjusted gross income with
4.21 the modifications provided in sections 290.0131, 290.0132, and 290.0135 to 290.0137.

4.22 (c) In the case of a regulated investment company or a fund thereof, as defined in section
4.23 851(a) or 851(g) of the Internal Revenue Code, federal taxable income means investment
4.24 company taxable income as defined in section 852(b)(2) of the Internal Revenue Code,
4.25 except that:

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

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

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

5.4 (d) The net income of a real estate investment trust as defined and limited by section
5.5 856(a), (b), and (c) of the Internal Revenue Code means the real estate investment trust
5.6 taxable income as defined in section 857(b)(2) of the Internal Revenue Code.

5.7 (e) The net income of a designated settlement fund as defined in section 468B(d) of the
5.8 Internal Revenue Code means the gross income as defined in section 468B(b) of the Internal
5.9 Revenue Code.

5.10 (f) The Internal Revenue Code of 1986, as amended through May 1, 2023, applies for
5.11 taxable years beginning after December 31, 1996.

5.12 (g) Except as otherwise provided, references to the Internal Revenue Code in this
5.13 subdivision and sections 290.0131 to 290.0136 mean the code in effect for purposes of
5.14 determining net income for the applicable year.

5.15 (h) In the case of a partnership electing to file a composite return under section 289A.08,
5.16 subdivision 7, "net income" means the partner's share of federal adjusted gross income from
5.17 the partnership modified by the additions provided in section 290.0131, subdivisions 8 to
5.18 10, 16, and 17, and the subtractions provided in: (1) section 290.0132, subdivisions 9, 27,
5.19 ~~and 28, and 31~~, to the extent the amount is assignable or allocable to Minnesota under section
5.20 290.17; and (2) section 290.0132, subdivision 14. The subtraction allowed under section
5.21 290.0132, subdivision 9, is only allowed on the composite tax computation to the extent
5.22 the electing partner would have been allowed the subtraction.

5.23 (i) In the case of a qualifying entity electing to pay the pass-through entity tax under
5.24 section 289A.08, subdivision 7a, "net income" means the qualifying owner's share of federal
5.25 adjusted gross income from the qualifying entity modified by the additions provided in
5.26 section 290.0131, subdivisions 5, 8 to 10, 16, and 17, and the subtractions provided in: (1)
5.27 section 290.0132, subdivisions 3, 9, 27, ~~and 28, and 31~~, to the extent the amount is assignable
5.28 or allocable to Minnesota under section 290.17; and (2) section 290.0132, subdivision 14.
5.29 The subtraction allowed under section 290.0132, subdivision 9, is only allowed on the
5.30 pass-through entity tax computation to the extent the qualifying owners would have been
5.31 allowed the subtraction. ~~The income of both a resident and nonresident qualifying owner~~
5.32 ~~is allocated and assigned to this state as provided for nonresident partners and shareholders~~
5.33 ~~under sections 290.17, 290.191, and 290.20.~~

6.1 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning
6.2 after December 31, 2022.

6.3 Sec. 4. Minnesota Statutes 2023 Supplement, section 290.0134, subdivision 20, is amended
6.4 to read:

6.5 Subd. 20. **Delayed business interest.** (a) For each taxable year an addition is required
6.6 under section ~~290.0131, subdivision 19~~ 290.0133, subdivision 15, the amount of the addition,
6.7 less the sum of all amounts subtracted under this paragraph in all prior taxable years, that
6.8 does not exceed the limitation on business interest in section 163(j) of the Internal Revenue
6.9 Code of 1986, as amended through December 15, 2022, notwithstanding the special rule in
6.10 section 163(j)(10) of the Internal Revenue Code, is a subtraction. Any excess is a delayed
6.11 business interest carryforward, the entire amount of which must be carried to the earliest
6.12 taxable year. No subtraction is allowed under this paragraph for taxable years beginning
6.13 after December 31, 2022.

6.14 (b) For each of the five taxable years beginning after December 31, 2022, there is allowed
6.15 a subtraction equal to one-fifth of the sum of all carryforward amounts that remain after the
6.16 expiration of paragraph (a).

6.17 (c) Entities that are part of a combined reporting group under the unitary rules of section
6.18 290.17, subdivision 4, must compute deductions and additions as required under section
6.19 290.34, subdivision 5.

6.20 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning
6.21 after December 31, 2019.

6.22 Sec. 5. Minnesota Statutes 2023 Supplement, section 290.0693, subdivision 1, is amended
6.23 to read:

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

6.26 (b) "Dependent" means any individual who is considered a dependent under sections
6.27 151 and 152 of the Internal Revenue Code and was claimed by the taxpayer as a dependent.

6.28 (c) "Disability" has the meaning given in section 290A.03, subdivision 10.

6.29 (d) "Exemption amount" means the exemption amount under section 290.0121,
6.30 subdivision 1, paragraph (b).

7.1 (e) "Gross rent" means rent paid for the right of occupancy, at arm's length, of a
7.2 homestead, exclusive of charges for any medical services furnished by the landlord as a
7.3 part of the rental agreement, whether expressly set out in the rental agreement or not. The
7.4 gross rent of a resident of a nursing home or intermediate care facility is \$600 per month.
7.5 The gross rent of a resident of an adult foster care home is \$930 per month. The commissioner
7.6 shall annually adjust the amounts in this paragraph as provided in section 270C.22. The
7.7 statutory year is 2023. If the landlord and tenant have not dealt with each other at arm's
7.8 length and the commissioner determines that the gross rent charged was excessive, the
7.9 commissioner may adjust the gross rent to a reasonable amount for purposes of this section.

7.10 (f) "Homestead" has the meaning given in section 290A.03, subdivision 6.

7.11 (g) "Household" has the meaning given in section 290A.03, subdivision 4.

7.12 (h) "Household income" means all income received by all persons of a household in a
7.13 taxable year while members of the household, other than income of a dependent.

7.14 (i) "Income" means adjusted gross income, minus:

7.15 (1) for the taxpayer's first dependent, the exemption amount multiplied by 1.4;

7.16 (2) for the taxpayer's second dependent, the exemption amount multiplied by 1.3;

7.17 (3) for the taxpayer's third dependent, the exemption amount multiplied by 1.2;

7.18 (4) for the taxpayer's fourth dependent, the exemption amount multiplied by 1.1;

7.19 (5) for the taxpayer's fifth dependent, the exemption amount; and

7.20 (6) if the taxpayer or taxpayer's spouse had a disability or attained the age of 65 on or
7.21 before the close of the taxable year, the exemption amount.

7.22 (j) "Rent constituting property taxes" means 17 percent of the gross rent actually paid
7.23 in cash, or its equivalent, or the portion of rent paid in lieu of property taxes, in any taxable
7.24 year by a claimant for the right of occupancy of the claimant's Minnesota homestead in the
7.25 taxable year, and which rent constitutes the basis, in the succeeding taxable year of a claim
7.26 for a credit under this section by the claimant. If an individual occupies a homestead with
7.27 another person or persons not related to the individual as the individual's spouse or as
7.28 dependents, and the other person or persons are residing at the homestead under a rental or
7.29 lease agreement with the individual, the amount of rent constituting property tax for the
7.30 individual equals that portion not covered by the rental agreement.

7.31 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
7.32 31, 2023.

8.1 Sec. 6. Minnesota Statutes 2023 Supplement, section 290.0693, subdivision 6, is amended
8.2 to read:

8.3 Subd. 6. **Residents of nursing homes, intermediate care facilities, long-term care**
8.4 **facilities, or facilities accepting housing support payments.** (a) A taxpayer must not claim
8.5 a credit under this section if the taxpayer is a resident of a nursing home, intermediate care
8.6 facility, long-term residential facility, or a facility that accepts housing support payments
8.7 whose rent constituting property taxes is paid pursuant to the Supplemental Security Income
8.8 program under title XVI of the Social Security Act, the Minnesota supplemental aid program
8.9 under sections 256D.35 to 256D.54, the medical assistance program pursuant to title XIX
8.10 of the Social Security Act, or the housing support program under chapter 256I.

8.11 (b) If only a portion of the rent constituting property taxes is paid by these programs,
8.12 the resident is eligible for a credit, but the credit calculated must be multiplied by a fraction,
8.13 the numerator of which is adjusted gross income, ~~reduced by the total amount of income~~
8.14 ~~from the above sources other than vendor payments under the medical assistance program~~
8.15 and the denominator of which is adjusted gross income, plus vendor payments under the
8.16 medical assistance program, to determine the allowable credit.

8.17 (c) Notwithstanding paragraphs (a) and (b), if the taxpayer was a resident of the nursing
8.18 home, intermediate care facility, long-term residential facility, or facility for which the rent
8.19 was paid for the claimant by the housing support program for only a portion of the taxable
8.20 year covered by the claim, the taxpayer may compute rent constituting property taxes by
8.21 disregarding the rent constituting property taxes from the nursing home or facility and may
8.22 use only that amount of rent constituting property taxes or property taxes payable relating
8.23 to that portion of the year when the taxpayer was not in the facility. The taxpayer's household
8.24 income is the income for the entire taxable year covered by the claim.

8.25 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
8.26 31, 2023.

8.27 Sec. 7. Minnesota Statutes 2023 Supplement, section 290.0693, subdivision 8, is amended
8.28 to read:

8.29 Subd. 8. **One claimant per household.** Only one taxpayer per household per year is
8.30 entitled to claim a credit under this section. In the case of a married couple filing a joint
8.31 return, the couple may claim a credit under this section based on the total amount of both
8.32 spouses' gross rent. In the case of a married taxpayer filing a separate return, only one spouse
8.33 may claim the credit under this section. The credit amount for the spouse that claims the

9.1 credit must be calculated based on household income and not solely on the income of the
9.2 spouse.

9.3 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
9.4 31, 2023.

9.5 Sec. 8. Minnesota Statutes 2022, section 297A.66, subdivision 3, is amended to read:

9.6 Subd. 3. **Marketplace provider liability.** (a) A marketplace provider is deemed the
9.7 retailer or seller for all retail sales it facilitates, and is subject to audit on the retail sales it
9.8 facilitates if it is required to collect sales and use taxes and remit them to the commissioner
9.9 under subdivision 2, paragraphs (b) and (c).

9.10 ~~(b) A marketplace provider is not liable for failing to file, collect, and remit sales and~~
9.11 ~~use taxes to the commissioner if the marketplace provider demonstrates that the error was~~
9.12 ~~due to incorrect or insufficient information given to the marketplace provider by the retailer.~~
9.13 ~~This paragraph does not apply if the marketplace provider and the marketplace retailer are~~
9.14 ~~related as defined in subdivision 4, paragraph (b).~~

9.15 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June
9.16 30, 2024

9.17 Sec. 9. Minnesota Statutes 2022, section 297A.66, is amended by adding a subdivision to
9.18 read:

9.19 Subd. 3a. **Marketplace provider relief.** (a) A marketplace provider is relieved of liability
9.20 for failure to collect the correct amount of sales or use tax, with respect to sales on behalf
9.21 of marketplace sellers, to the extent that the marketplace provider can demonstrate that the
9.22 error was due to incorrect information given to the marketplace provider by the marketplace
9.23 seller, unless the marketplace provider and the marketplace seller are affiliated persons. To
9.24 qualify for the liability relief under this subdivision, a marketplace provider must have
9.25 received erroneous information from a marketplace seller that prevented the marketplace
9.26 provider from properly determining the correct tax amount owed. A marketplace provider
9.27 does not qualify for the liability relief under this subdivision when a marketplace seller
9.28 provided information that was correct, but was incomplete or insufficient to make the proper
9.29 taxability determination.

9.30 (b) If the marketplace provider is relieved of liability under paragraph (a), the marketplace
9.31 seller is solely liable for the amount of uncollected tax due.

10.1 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June
 10.2 30, 2024

10.3 Sec. 10. Minnesota Statutes 2023 Supplement, section 477A.35, subdivision 6, is amended
 10.4 to read:

10.5 Subd. 6. **Administration.** (a) The commissioner of revenue must compute the amount
 10.6 of aid payable to each tier I city and county under this section. ~~By August 1 of each year,~~
 10.7 ~~the commissioner must certify the distribution factors of each tier I city and county to be~~
 10.8 ~~used in the following year. The commissioner must pay local affordable housing aid annually~~
 10.9 ~~at the times provided in section 477A.015, distributing the amounts available on the~~
 10.10 ~~immediately preceding June 1 under the accounts established in section 477A.37, subdivisions~~
 10.11 ~~2 and 3.~~ On or before September 1 of each year, the commissioner of revenue must certify
 10.12 the amount to be paid to each tier I city and county in that year. By July 15, 2024, and
 10.13 annually thereafter, the commissioner of management and budget must certify to the
 10.14 commissioner of revenue the balances in the accounts established in section 477A.37,
 10.15 subdivisions 2 and 3, as of the immediately preceding June 1. The commissioner of revenue
 10.16 must pay the full amount of aid on October 1 annually.

10.17 (b) Beginning in 2025, tier I cities and counties shall submit a report annually, no later
 10.18 than December 1 of each year, to the Minnesota Housing Finance Agency. The report must
 10.19 include documentation of the location of any unspent funds distributed under this section
 10.20 and of qualifying projects completed or planned with funds under this section. If a tier I
 10.21 city or county fails to submit a report, if a tier I city or county fails to spend funds within
 10.22 the timeline imposed under subdivision 5, paragraph (b), or if a tier I city or county uses
 10.23 funds for a project that does not qualify under this section, the Minnesota Housing Finance
 10.24 Agency shall notify the Department of Revenue and the cities and counties that must repay
 10.25 funds under paragraph (c) by February 15 of the following year.

10.26 (c) By May 15, after receiving notice from the Minnesota Housing Finance Agency, a
 10.27 tier I city or county must pay to the Minnesota Housing Finance Agency funds the city or
 10.28 county received under this section if the city or county:

10.29 (1) fails to spend the funds within the time allowed under subdivision 5, paragraph (b);

10.30 (2) spends the funds on anything other than a qualifying project; or

10.31 (3) fails to submit a report documenting use of the funds.

10.32 (d) The commissioner of revenue must stop distributing funds to a tier I city or county
 10.33 that, in three consecutive years, the Minnesota Housing Finance Agency has reported,

11.1 pursuant to paragraph (b), to have failed to use funds, misused funds, or failed to report on
11.2 its use of funds.

11.3 (e) The commissioner may resume distributing funds to a tier I city or county to which
11.4 the commissioner has stopped payments in the year following the August 1 after the
11.5 Minnesota Housing Finance Agency certifies that the city or county has submitted
11.6 documentation of plans for a qualifying project.

11.7 (f) By June 1, any funds paid to the Minnesota Housing Finance Agency under paragraph
11.8 (c) must be deposited in the housing development fund. Funds deposited under this paragraph
11.9 are appropriated to the commissioner of the Minnesota Housing Finance Agency for use
11.10 on the family homeless prevention and assistance program under section 462A.204, the
11.11 economic development and housing challenge program under section 462A.33, and the
11.12 workforce and affordable homeownership development program under section 462A.38.

11.13 **EFFECTIVE DATE.** This section is effective for aids payable in 2024 and thereafter.

11.14 Sec. 11. Laws 2023, chapter 1, section 22, is amended to read:

11.15 Sec. 22. **TEMPORARY ADDITIONS AND SUBTRACTIONS; INDIVIDUALS,**
11.16 **ESTATES, AND TRUSTS.**

11.17 (a) For the purposes of this section:

11.18 (1) "subtraction" has the meaning given in Minnesota Statutes, section 290.0132,
11.19 subdivision 1, and the rules in that subdivision apply to this section;

11.20 (2) "addition" has the meaning given in Minnesota Statutes, section 290.0131, subdivision
11.21 1, and the rules in that subdivision apply to this section; and

11.22 (3) the definitions in Minnesota Statutes, section 290.01, apply to this section.

11.23 (b) The following amounts are subtractions:

11.24 (1) the amount of wages used for the calculation of the employee retention credit for
11.25 employers affected by qualified disasters, to the extent not deducted from income, under
11.26 Public Law 116-94, division Q, section 203, or Public Law 116-260, division EE, section
11.27 303;

11.28 (2) the amount of wages used for the calculation of the payroll credit for required paid
11.29 sick leave, to the extent not deducted from income, under Public Law 116-127, section
11.30 7001, as amended by section 9641 of Public Law 117-2;

12.1 (3) the amount of wages or expenses used for the calculation of the payroll credit for
12.2 required paid family leave, to the extent not deducted from income, under Public Law
12.3 116-127, section 7003, as amended by section 9641 of Public Law 117-2;

12.4 (4) the amount of wages used for the calculation of the employee retention credit for
12.5 employers subject to closure due to COVID-19, to the extent not deducted from income,
12.6 under Public Law 116-136, section 2301, as amended by Public Law 116-260, division EE,
12.7 section 207, and Public Law 117-2, section 9651; and

12.8 (5) the amount required to be added to gross income to claim the credit in section 6432
12.9 of the Internal Revenue Code.

12.10 (c) The following amounts are additions:

12.11 (1) the amount subtracted for qualified tuition expenses under section 222 of the Internal
12.12 Revenue Code, as amended by Public Law 116-94, division Q, section 104;

12.13 (2) the amount of above the line charitable contributions deducted under section 2204
12.14 of Public Law 116-136;

12.15 (3) the amount of meal expenses in excess of the 50 percent limitation under section
12.16 274(n)(1) of the Internal Revenue Code allowed under subsection (n), paragraph (2),
12.17 subparagraph (D), of that section; and

12.18 (4) the amount of charitable contributions deducted from federal taxable income by a
12.19 trust for taxable year 2020 under Public Law 116-136, section 2205(a).

12.20 (d) The commissioner of revenue must apply the subtractions in paragraph (b) and the
12.21 additions in paragraph (c), when calculating the following:

12.22 (1) the percentage under Minnesota Statutes, section 290.06, subdivision 2c, paragraph
12.23 (e);

12.24 (2) a taxpayer's alternative minimum taxable income under Minnesota Statutes, section
12.25 290.091; and

12.26 (3) "income" ~~as defined in Minnesota Statutes, section 289A.08, subdivision 7, paragraph~~
12.27 ~~(j)~~, for the purposes of determining the tax for composite filers and the pass-through entity
12.28 tax, means the partner's share of federal adjusted gross income from the partnership modified
12.29 by the additions provided in Minnesota Statutes, section 290.0131, subdivisions 8 to 10,
12.30 16, 17, and 19, and the subtractions provided in (i) Minnesota Statutes, section 290.0132,
12.31 subdivisions 9, 27, and 28, to the extent the amount is assignable or allocable to Minnesota
12.32 under Minnesota Statutes, section 290.17; and (ii) Minnesota Statutes, section 290.0132,

13.1 subdivision 14. The subtraction allowed under Minnesota Statutes, section 290.0132,
13.2 subdivision 9, is only allowed on the composite tax computation to the extent the electing
13.3 partner would have been allowed the subtraction.

13.4 (e) For the purpose of calculating property tax refunds under Minnesota Statutes, chapter
13.5 290A, any amounts allowed as a subtraction in paragraph (b) are excluded from "income,"
13.6 as defined in Minnesota Statutes, section 290A.03, subdivision 3.

13.7 **EFFECTIVE DATE.** This section is effective retroactively at the same time the changes
13.8 in Laws 2023, chapter 1, section 22, were effective for federal purposes.

13.9 Sec. 12. Laws 2023, chapter 1, section 28, is amended to read:

13.10 Sec. 28. **EXTENSION OF STATUTE OF LIMITATIONS.**

13.11 (a) Notwithstanding any law to the contrary, a taxpayer whose tax liability changes as
13.12 a result of this act may file an amended return by December 31, 2023. The commissioner
13.13 may review and assess the return of a taxpayer covered by this provision for the later of:

13.14 (1) the periods under Minnesota Statutes, sections 289A.38; ~~289.39~~ 289A.39, subdivision
13.15 3; and 289A.40; or

13.16 (2) one year from the time the amended return is filed as a result of a change in tax
13.17 liability under this section.

13.18 (b) Interest on any additional liabilities as a result of any provision in this act accrue
13.19 beginning on January 1, 2024.

13.20 **EFFECTIVE DATE.** This section is effective retroactively at the same time the changes
13.21 incorporated in Laws 2023, chapter 1, were effective for federal purposes.