

1.1 moves to amend H.F. No., the delete everything amendment (SW-A06),
1.2 as follows:

1.3 Page 9, after line 27, insert:

1.4 "Sec. Minnesota Statutes 2022, section 290.0132, is amended by adding a subdivision
1.5 to read:

1.6 Subd. 33. Excess business losses. The amount of a disallowed loss carryover under
1.7 section 461(l)(1)(B) of the Internal Revenue Code is a subtraction.

1.8 EFFECTIVE DATE. This section is effective for taxable years beginning after December
1.9 31, 2025."

1.10 Page 15, after line 16, insert:

1.11 "Sec. Minnesota Statutes 2022, section 290.095, subdivision 11, is amended to read:

1.12 Subd. 11. **Carryback or carryover adjustments.** (a) Except as provided in ~~paragraph~~
1.13 paragraphs (c) and (d), for individuals, estates, and trusts the amount of a net operating loss
1.14 that may be carried back or carried over shall be the same dollar amount allowable in the
1.15 determination of federal taxable income, provided that, notwithstanding any other provision,
1.16 estates and trusts must apply the following adjustments to the amount of the net operating
1.17 loss that may be carried back or carried over:

1.18 (1) Nonassignable income or losses as required by section 290.17.

1.19 (2) Deductions not allocable to Minnesota under section 290.17.

1.20 (b) The net operating loss carryback or carryover applied as a deduction in the taxable
1.21 year to which the net operating loss is carried back or carried over shall be equal to the net
1.22 operating loss carryback or carryover applied in the taxable year in arriving at federal taxable
1.23 income provided that trusts and estates must apply the following modifications:

2.1 (1) Increase the amount of carryback or carryover applied in the taxable year by the
2.2 amount of losses and interest, taxes and other expenses not assignable or allowable to
2.3 Minnesota incurred in the taxable year.

2.4 (2) Decrease the amount of carryback or carryover applied in the taxable year by the
2.5 amount of income not assignable to Minnesota earned in the taxable year. For estates and
2.6 trusts, the net operating loss carryback or carryover to the next consecutive taxable year
2.7 shall be the net operating loss carryback or carryover as calculated in clause (b) less the
2.8 amount applied in the earlier taxable year(s). No additional net operating loss carryback or
2.9 carryover shall be allowed to estates and trusts if the entire amount has been used to offset
2.10 Minnesota income in a year earlier than was possible on the federal return. However, if a
2.11 net operating loss carryback or carryover was allowed to offset federal income in a year
2.12 earlier than was possible on the Minnesota return, an estate or trust shall still be allowed to
2.13 offset Minnesota income but only if the loss was assignable to Minnesota in the year the
2.14 loss occurred.

2.15 (c) This paragraph does not apply to eligible small businesses that make a valid election
2.16 to carry back their losses for federal purposes under section 172(b)(1)(H) of the Internal
2.17 Revenue Code as amended through March 31, 2009.

2.18 (1) A net operating loss of an individual, estate, or trust that is allowed under this
2.19 subdivision and for which the taxpayer elects to carry back for more than two years under
2.20 section 172(b)(1)(H) of the Internal Revenue Code is a net operating loss carryback to each
2.21 of the two taxable years preceding the loss, and unused portions may be carried forward for
2.22 20 taxable years after the loss.

2.23 (2) The entire amount of the net operating loss for any taxable year must be carried to
2.24 the earliest of the taxable years to which the loss may be carried. The portion of the loss
2.25 which may be carried to each of the other taxable years is the excess, if any, of the amount
2.26 of the loss over the greater of the taxable net income or alternative minimum taxable income
2.27 for each of the taxable years to which the loss may be carried.

2.28 (d) The amount of a net operating loss carried forward must be reduced by any amounts
2.29 used for the subtraction in section 290.0132, subdivision 33, in the next taxable year
2.30 following the subtraction in which a net operating loss deduction is claimed.

2.31 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
2.32 31, 2025."

2.33 Page 18, line 24, after the semicolon, insert "and"

- 3.1 Page 18, line 26, delete "and" and insert a period
- 3.2 Page 18, delete lines 27 and 28