

1.1 moves to amend H.F. No. 2756 as follows:

1.2 Delete everything after the enacting clause and insert:

1.3 "Section 1. **[290.055] ADDITIONAL TAX ON CAPITAL GAIN INCOME.**

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

1.6 (b) "Net capital gain" has the meaning given in section 1222 of the Internal Revenue
1.7 Code.

1.8 (c) "Preferential rate income" means the lesser of:

1.9 (1) a taxpayer's adjusted net capital gain, as defined in section (1)(h)(3) of the Internal
1.10 Revenue Code, but excluding a capital gain resulting from the sale of property classified
1.11 as 2a property under section 273.13, subdivision 23; or

1.12 (2) the taxpayer's federal taxable income, as defined in section 63 of the Internal Revenue
1.13 Code.

1.14 Subd. 2. **Tax imposed; capital gains.** In addition to the taxes imposed under sections
1.15 290.06, subdivision 2c, and 290.091, an individual, trust, or estate is liable for a tax equal
1.16 to three percent of preferential rate income in excess of \$500,000.

1.17 Subd. 3. **Nonresidents.** (a) For an individual who is not a resident for the entire taxable
1.18 year, the tax under subdivision 2 is imposed in an amount equal to: (1) the amount calculated
1.19 under subdivision 2 for the full year and for all preferential rate income; multiplied by (2)
1.20 the Minnesota percentage determined under paragraph (b).

1.21 (b) "Minnesota percentage" equals:

1.22 (1) the sum of the following amounts for the taxable year:

2.1 (i) net capital gain from the sale of real property located in Minnesota and tangible
2.2 personal property with a situs in Minnesota on the date of the sale; plus

2.3 (ii) adjusted net capital gain, other than gain included under item (i), received during a
2.4 period when the taxpayer was domiciled in Minnesota; divided by

2.5 (2) the total amount of preferential rate income for the taxable year.

2.6 Subd. 4. Credits for taxes paid to another state. For purposes of computing the credit
2.7 for taxes paid to another state under section 290.06, subdivision 22, if the net long-term
2.8 capital gain qualified for an exclusion, deduction, or exemption, in whole or part, from
2.9 taxation under the other state's tax, the tax under this section used to calculate the credit
2.10 must be reduced by three percent of the dollar amount of the exclusion, deduction, or
2.11 exemption amount that applies under the other state's tax.

2.12 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
2.13 31, 2018."

2.14 Amend the title accordingly