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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETY-FOURTH SESSION

H. F. No. 3697

02/25/2026 Authored by Norris and Davids The bill was read for the first time and referred to the Committee on Taxes

1.1 A bill for an act
1.2 relating to taxation; modifying the time limit to file a claim for refund; amending
1.3 Minnesota Statutes 2024, section 289A.40, subdivision 1.

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

1.5 Section 1. Minnesota Statutes 2024, section 289A.40, subdivision 1, is amended to read:

1.6 Subdivision 1. Time limit; generally. (a) Unless otherwise provided in this chapter, a
1.7 claim for a refund of an overpayment of state tax must be filed within 3-1/2 years from the
1.8 date prescribed for filing the return, plus any extension of time granted for filing the return,
1.9 but only if filed within the extended time, or one year from the date of an order assessing
1.10 tax under section 270C.33 or an order determining an appeal under section 270C.35,
1.11 subdivision 8, or one year from the date of a return made by the commissioner under section
1.12 270C.33, subdivision 3, upon payment in full of the tax, penalties, and interest shown on
1.13 the order or return made by the commissioner two years from the date the tax, penalties, or
1.14 interest was paid, whichever period expires later. Claims for refund, except for taxes under
1.15 chapter 297A, filed after the 3-1/2 year period but within the one-year period are limited to
1.16 the amount of the tax, penalties, and interest on the order or return made by the commissioner
1.17 and to issues determined by the order or return made by the commissioner.

1.18 In the case of assessments under section 289A.38, subdivision 5 or 6, claims for refund
1.19 under chapter 297A filed after the 3-1/2 year period but within the one-year period are
1.20 limited to the amount of the tax, penalties, and interest on the order or return made by the
1.21 commissioner that are due for the period before the 3-1/2 year period.

1.22 (b) For purposes of this subdivision, the amount of a refund is limited as follows:

2.1 (1) if the claim was filed by the taxpayer during the 3-1/2 year period prescribed in
2.2 paragraph (a), the refund must not exceed the tax, penalties, and interest paid within the
2.3 period, immediately preceding the filing of the claim, equal to 3-1/2 years plus any extension
2.4 of time granted for filing the return, but only if filed within the extended time;

2.5 (2) if the claim was not filed by the taxpayer within the 3-1/2 year period prescribed in
2.6 paragraph (a), the refund must not exceed the tax, penalties, and interest paid during the
2.7 two years immediately preceding the filing of the claim; and

2.8 (3) if no claim was filed by the taxpayer, the refund must not exceed the amount which
2.9 would be allowable under clause (1) or (2), if the claim was filed on the date the refund is
2.10 allowed.

2.11 (c) For purposes of this subdivision, the prepayment of tax made by withholding of tax
2.12 at the source or payment of estimated tax before the due date is considered paid on the last
2.13 day prescribed by law for the payment of the tax by the taxpayer. A return filed before the
2.14 last day prescribed for filing the return is considered to be filed on the last day. Where an
2.15 extension for filing a return is granted, a return filed before the extended due date is
2.16 considered as filed on the extended due date.

2.17 **EFFECTIVE DATE.** This section is effective the day following final enactment and
2.18 applies to claims for refund filed on or after that date.