

1.1 Senator moves to amend the SCS1811A31 amendment to S.F. No. 1811
1.2 as follows:

1.3 Page 1, after line 29, insert:

1.4 "Page 32, after line 14, insert:

1.5 "Sec. 25. [290.055] CAPITAL GAINS TAX.

1.6 (a) For purposes of this subdivision, "preferential rate income" means the sum of net
1.7 long-term capital gain income as defined in section 1222 of the Internal Revenue Code, and
1.8 qualified dividend income as defined in section 1(h)(11)(B) of the Internal Revenue Code.

1.9 (b) In addition to the tax computed under section 290.06, subdivision 2c, an additional
1.10 amount of tax is imposed on the preferential rate income of individuals, estates, and trusts
1.11 applying the following schedule of rates:

1.12 (1) On all preferential rate income over \$500,000, but not over \$1,000,000, three percent;

1.13 (2) On all preferential rate income over \$1,000,000, eight percent;

1.14 (3) For an individual that is not a Minnesota resident for the entire taxable year, the tax
1.15 under this subdivision must be calculated as if the individual is a Minnesota resident for the
1.16 entire year, and that amount must be multiplied by a fraction in which:

1.17 (i) the numerator is preferential rate income allocable under section 290.17 to Minnesota;
1.18 and

1.19 (ii) the denominator is the total amount of preferential rate income for the taxable year;

1.20 (4) For an estate or trust, the tax on preferential rate income must be computed by
1.21 multiplying the preferential rate income tax liability by a fraction, the numerator of which
1.22 is the amount of the estate or trust's preferential rate income allocated to the state pursuant
1.23 to the provisions of sections 290.17, 290.191, and 290.20, and the denominator of which is
1.24 the taxpayer's total preferential rate income.

1.25 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
1.26 31, 2022."

1.27 Renumber the sections in sequence and correct the internal references

1.28 Amend the title accordingly"