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State of Minnesota
HOUSE OF REPRESENTATIVES

EIGHTY-FIFTH
SESSION

HOUSE FILE No. **1367**

February 26, 2007

Authored by Liebling, Hilstrom, Brown, Demmer and Brynaert
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; individual income; providing for the phaseout threshold for
1.3 the alternative minimum tax exemption to be adjusted for inflation; amending
1.4 Minnesota Statutes 2006, section 290.091, subdivision 3.

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

1.6 Section 1. Minnesota Statutes 2006, section 290.091, subdivision 3, is amended to read:

1.7 Subd. 3. **Exemption amount.** (a) For purposes of computing the alternative
1.8 minimum tax, the exemption amount is:

1.9 (1) for taxable years beginning before January 1, 2006, the exemption determined
1.10 under section 55(d) of the Internal Revenue Code, as amended through December 31,
1.11 1992; and

1.12 (2) for taxable years beginning after December 31, 2005, \$60,000 for married
1.13 couples filing joint returns, \$30,000 for married individuals filing separate returns, estates,
1.14 and trusts, and \$45,000 for unmarried individuals.

1.15 (b) The exemption amount determined under this subdivision is subject to the phase
1.16 out under section 55(d)(3) of the Internal Revenue Code, except that alternative minimum
1.17 taxable income as determined under this section must be substituted in the computation
1.18 of the phase out, and the income threshold used in the phaseout must be adjusted for
1.19 inflation as provided in paragraph (c).

1.20 (c) For taxable years beginning after December 31, 2006, the exemption amount
1.21 under paragraph (a), clause (2), and the income threshold for the phaseout under paragraph
1.22 (b) must be adjusted for inflation. The commissioner shall make the inflation adjustments
1.23 in accordance with section 1(f) of the Internal Revenue Code except that for the purposes
1.24 of this subdivision the percentage increase must be determined from the year starting

2.1 September 1, 2005, and ending August 31, 2006, as the base year for adjusting for
2.2 inflation for the tax year beginning after December 31, 2006. The determination of the
2.3 commissioner under this subdivision is not a rule under the Administrative Procedure Act.

2.4 **EFFECTIVE DATE.** This section is effective for taxable years beginning after
2.5 December 31, 2006.