Overview

Allows a long-term capital gains subtraction of up to $12,000 in calculating the individual income tax. Makes a corresponding reduction in the alternative minimum tax rate, from 6.5% to 5.5%.

1. **Long-term capital gains subtraction.** Provides a subtraction from Minnesota taxable income of long-term capital gains. Limits the subtraction to $12,000 for married couples filing joint returns, and $6,000 for all other filers. Long-term capital gains is defined by reference to the Internal Revenue Code, as net long-term gain after subtraction of both long-term and short-term capital losses. Collectibles gain, unrecaptured section 1250 gain (gain on certain types of real estate that represents recovery of previously taken depreciation deductions), and section 1202 gains (gain on small business stock that already qualifies for a 50 percent exclusion) do not qualify for the subtraction.

2. **Alternative minimum tax rate.** Reduces the alternative minimum tax (AMT) rate from 6.5% to 5.5%.

3. **Tentative minimum tax.** Makes a conforming change in the definition of tentative minimum tax to reflect the change in the AMT rate.

4. **AMT credit.** Makes a conforming change in the AMT credit to reflect the change in the AMT rate.

5. **Effective date.** Effective beginning for sales and exchanges occurring after final enactment, in tax year 2000 and following years.