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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETIETH SESSION

H. F. No. 820

02/06/2017 Authored by McDonald, Lillie, Loon, Davids, Murphy, E., and others
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; allowing a credit for employer-provided
1.3 fitness facility expenses; proposing coding for new law in Minnesota Statutes,
1.4 chapter 290.

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

1.6 Section 1. [290.0695] EMPLOYEE CREDIT FOR CERTAIN
1.7 EMPLOYER-PROVIDED FITNESS FACILITY EXPENSES.

1.8 Subdivision 1. Credit allowed. (a) An individual is allowed a credit against the tax
1.9 imposed by this chapter for employer-provided fitness facility expenses. The credit equals
1.10 \$2.50 for each qualifying month, and the maximum credit is \$30. In the case of a married
1.11 couple filing a joint return, each spouse is eligible for the credit in this section. The credit
1.12 may not exceed the liability for tax under this chapter.

1.13 (b) The credit is allowed to an individual whose employer either:

1.14 (1) pays a portion of any fees, dues, or membership expenses on behalf of the employee
1.15 to a fitness facility; or

1.16 (2) reimburses the employee for direct payment of fees, dues, or membership expenses
1.17 made by the employee to a fitness facility.

1.18 (c) For purposes of this section, "qualifying month" means a month in which an individual
1.19 uses the fitness facility for the preservation, maintenance, encouragement, or development
1.20 of physical fitness on at least eight days.

1.21 (d) For purposes of this section, "fitness facility" means a facility located in the state
1.22 that:

2.1 (1) provides instruction in a program of physical exercise; offers facilities for the  
2.2 preservation, maintenance, encouragement, or development of physical fitness; or is the  
2.3 site of such a program of a state or local government;

2.4 (2) is not a private club owned and operated by its members;

2.5 (3) does not offer hunting, sailing, horseback riding, or outdoor golf facilities;

2.6 (4) does not have an overall function and purpose that makes the fitness facility incidental;

2.7 (5) is compliant with antidiscrimination laws under chapter 363A and applicable federal  
2.8 antidiscrimination laws; and

2.9 (6) is located off the employer's premises.

2.10 (e) The commissioner shall prescribe the form and manner in which eligibility for the  
2.11 credit is determined.

2.12 Subd. 2. **Limitation.** The credit under this section applies only if the employer's payment  
2.13 of fees, dues, or membership expenses to a fitness facility is available on substantially the  
2.14 same terms to each member of a group of employees defined under a reasonable classification  
2.15 by the employer, but no classification may include only highly compensated employees, as  
2.16 defined under section 414(q) of the Internal Revenue Code, or any other group that includes  
2.17 only executives, directors, or other managerial employees.

2.18 Subd. 3. **Nonresidents and part-year residents.** For a nonresident or part-year resident,  
2.19 the credit must be allocated based on the percentage calculated under section 290.06,  
2.20 subdivision 2c, paragraph (e).

2.21 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
2.22 31, 2016.