

**SENATE**  
**STATE OF MINNESOTA**  
**EIGHTY-NINTH SESSION**

**S.F. No. 38**

(SENATE AUTHORS: REST, Bonoff, Thompson, Franzen and Gazelka)

DATE	D-PG	OFFICIAL STATUS
01/08/2015	42	Introduction and first reading Referred to Taxes

1.1 A bill for an act  
 1.2 relating to taxation; income and corporate franchise; requiring certification for  
 1.3 claiming the research credit; extending the credit to sole proprietors; amending  
 1.4 Minnesota Statutes 2014, section 290.068, subdivision 1, by adding a subdivision.

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

1.6 Section 1. Minnesota Statutes 2014, section 290.068, subdivision 1, is amended to read:

1.7 Subdivision 1. **Credit allowed.** Subject to the requirements in subdivision 8, a  
 1.8 corporation, partners in a partnership, or shareholders in a corporation treated as an "S"  
 1.9 corporation under section 290.9725 are individual, trust, or estate is allowed a credit  
 1.10 against the tax computed under this chapter for the taxable year equal to:

1.11 (a) ten percent of the first \$2,000,000 of the excess (if any) of  
 1.12 (1) the qualified research expenses for the taxable year, over  
 1.13 (2) the base amount; and  
 1.14 (b) 2.5 percent on all of such excess expenses over \$2,000,000.

1.15 **EFFECTIVE DATE.** This section is effective for taxable years beginning after  
 1.16 December 31, 2014.

1.17 Sec. 2. Minnesota Statutes 2014, section 290.068, is amended by adding a subdivision  
 1.18 to read:

1.19 Subd. 8. **Applications; certification.** (a) A taxpayer claiming a credit under this  
 1.20 section must submit an application to the Department of Employment and Economic  
 1.21 Development for determination that the expenses for which the credit is claimed are  
 1.22 qualified research expenses. The application must be submitted by September 15 of  
 1.23 the calendar year following the end of the taxable year in which the qualified research

2.1 expenses were incurred. The application must be in a form and manner prescribed by  
2.2 the commissioner of employment and economic development, in consultation with the  
2.3 commissioner of revenue, and must contain information sufficient to verify that the  
2.4 expenses for which the credit is claimed under this section are qualified research expenses.

2.5 (b) The commissioner of employment and economic development must notify the  
2.6 taxpayer of the determination of the application under paragraph (a) no later than 90 days  
2.7 after the application is received.

2.8 (c) Upon approving an application for credit under paragraph (a), the commissioner  
2.9 of employment and economic development must issue a credit certificate to the taxpayer  
2.10 that verifies eligibility for the credit and states the amount of credit and the taxable year to  
2.11 which the credit applies. The commissioner of employment and economic development  
2.12 must notify the commissioner of revenue of the issuance of the credit certificate, the  
2.13 amount of the credit, and the taxable year to which the credit applies.

2.14 (d) The taxpayer claiming the credit under this section must file an amended return  
2.15 for the taxable year to which the credit applies. The return must contain a copy of the  
2.16 credit certificate issued under paragraph (c).

2.17 (e) A credit must not be issued under this section unless the commissioner of revenue  
2.18 has received the certification required under paragraph (c).

2.19 **EFFECTIVE DATE.** This section is effective for taxable years beginning after  
2.20 December 31, 2014.