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State of Minnesota
HOUSE OF REPRESENTATIVES

EIGHTY-NINTH SESSION

H. F. No. 343

01/26/2015 Authored by Mullery and Johnson, S.,

The bill was read for the first time and referred to the Committee on Job Growth and Energy Affordability Policy and Finance

1.1 A bill for an act
1.2 relating to taxation; individual income and corporate franchise; allowing a credit
1.3 for employers who employ qualified ex-felons; amending Minnesota Statutes
1.4 2014, section 290.06, 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 290.06, is amended by adding a
1.7 subdivision to read:

1.8 Subd. 37. Work opportunity credit; ex-felons. (a) A qualified taxpayer is allowed
1.9 a credit against the tax imposed under this chapter for the employment of a qualified
1.10 ex-felon. The credit equals 30 percent of the qualified first-year wages paid to a qualified
1.11 ex-felon and 20 percent of the qualified second-year wages paid to a qualified ex-felon.

1.12 (b) For purposes of this section, the following terms have the meanings given:

1.13 (1) "qualified ex-felon" has the meaning given in section 51(d) of the Internal
1.14 Revenue Code;

1.15 (2) "qualified first-year wages" has the meaning given in section 51(b) of the Internal
1.16 Revenue Code, except that the \$6,000 limitation is increased to \$9,000;

1.17 (3) "qualified second-year wages" means wages, as defined in section 51(c) of the
1.18 Internal Revenue Code, paid to the qualified ex-felon for the one-year period beginning
1.19 immediately after the period covered by qualified first-year wages, but not to exceed a
1.20 maximum amount of \$9,000; and

1.21 (4) "qualified taxpayer" means a corporation or individual that qualified for the
1.22 federal work opportunity credit under section 51 of the Internal Revenue Code for
1.23 employing the qualified ex-felon during the taxable year or during the prior taxable year,
1.24 in the case of qualified second-year wages.

2.1 (c) The credit is limited to the liability for tax under this section for the taxable year.

2.2 (d) If the amount of the credit under this subdivision for any taxable year exceeds
2.3 the limitations under paragraph (c), the excess is a credit carryover to each of the three
2.4 succeeding taxable years. The entire amount of the excess unused credit for the taxable
2.5 year must be carried first to the earliest of the taxable years to which the credit may be
2.6 carried. The amount of the unused credit that may be added under this paragraph may not
2.7 exceed the taxpayer's liability for tax, less the credit for the taxable year.

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