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State of Minnesota
HOUSE OF REPRESENTATIVES
NINETIETH SESSION

H. F. No. 4190

03/22/2018 Authored by Fischer, Sundin, Nelson, Mahoney and Metsa
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 and corporate franchise; allowing a tax
1.3 credit for certain mechanical insulation; amending Minnesota Statutes 2016, section
1.4 290.06, by adding a subdivision.

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

1.6 Section 1. Minnesota Statutes 2016, section 290.06, is amended by adding a subdivision
1.7 to read:

1.8 Subd. 39. Credit for installation of mechanical insulation. (a) A taxpayer is allowed
1.9 a credit against the tax imposed by subdivision 1 or 2c for mechanical insulation property
1.10 placed in service in this state in an amount equal to the lesser of the:

1.11 (1) applicable percentage of the cost of mechanical insulation property placed in service
1.12 in this state during the taxable year; or

1.13 (2) taxpayer's liability for tax for the taxable year.

1.14 (b) If the amount of the credit exceeds the limitation under paragraph (a), clause (2), the
1.15 excess may be carried forward and applied to the tax liability for the five taxable years
1.16 following the taxable year in which the property was placed in service. The entire amount
1.17 of the unused credit must be applied first to the earliest year for which there is a tax liability.
1.18 If there are credits for more than one year that are available to offset a liability, the earlier
1.19 credit must be applied first.

1.20 (c) For purposes of this subdivision, the following terms have the meanings given them
1.21 in this paragraph, unless the context clearly indicates otherwise:

1.22 (1) "applicable percentage" means the lesser of:

- 2.1 (i) 30 percent; or
- 2.2 (ii) the reduction in energy loss, expressed as a percentage, from the installed mechanical
- 2.3 insulation property compared with mechanical insulation property that meets the minimum
- 2.4 requirements of ASHRAE standard 90.1-2007;
- 2.5 (2) "ASHRAE" means the American Society of Heating, Refrigerating, and
- 2.6 Air-Conditioning Engineers;
- 2.7 (3) "cost of mechanical insulation property" includes any amount paid or incurred to
- 2.8 acquire and install mechanical insulation property that exceeds ASHRAE standard 90.1-2007;
- 2.9 (4) "mechanical insulation property" includes insulation materials, facings, and accessory
- 2.10 products used for thermal requirements for mechanical piping and equipment, hot and cold
- 2.11 applications, and heating, venting, and air conditioning applications; and
- 2.12 (5) "liability for tax" means liability for tax under subdivision 1 or 2c, as applicable,
- 2.13 after allowance of any other nonrefundable credit.
- 2.14 **EFFECTIVE DATE.** This section is effective for mechanical insulation property
- 2.15 installed after July 1, 2018, for taxable years beginning after December 31, 2017.