

**SENATE
STATE OF MINNESOTA
NINETY-FOURTH SESSION**

S.F. No. 1312

(SENATE AUTHORS: REST, Weber, Kupec, Jasinski and Dibble)

| DATE | D-PG | OFFICIAL STATUS |
|------------|------|--|
| 02/13/2025 | 373 | Introduction and first reading Referred to Taxes |
| 03/03/2025 | 590a | Comm report: To pass as amended |
| | 604 | Second reading |
| | 6285 | Rule 47, returned to Taxes See First Special Session, HF9 |

1.1 A bill for an act

1.2 relating to taxation; modifying the credit for sustainable aviation fuel; increasing

1.3 and extending the credit allocation; amending Minnesota Statutes 2024, section

1.4 41A.30, subdivisions 1, 2, 5, 7.

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

1.6 Section 1. Minnesota Statutes 2024, section 41A.30, subdivision 1, is amended to read:

1.7 Subdivision 1. **Definitions.** (a) For purposes of this section, the following terms have

1.8 the meanings given.

1.9 (b) "Aircraft" has the meaning given in section 296A.01, subdivision 3.

1.10 (c) "Aviation gasoline" has the meaning given in section 296A.01, subdivision 7.

1.11 (d) "Commissioner" means the commissioner of agriculture.

1.12 (e) "Jet fuel" has the meaning given in section 296A.01, subdivision 8.

1.13 (f) "Qualifying taxpayer" means a taxpayer, as defined in section 290.01, subdivision

1.14 6, that is engaged in the business of:

1.15 (1) producing sustainable aviation fuel; or

1.16 (2) blending sustainable aviation fuel with aviation gasoline or jet fuel.

1.17 (g) "Sustainable aviation fuel" means liquid fuel that:

1.18 (1) is derived from biomass, as defined in section 41A.15, subdivision 2e, or gaseous

1.19 carbon oxides;

1.20 (2) is not derived from palm fatty acid distillates; and

2.1 (3) achieves at least a 50 percent life cycle greenhouse gas emissions reduction in
2.2 comparison with petroleum-based aviation gasoline, aviation turbine fuel, and jet fuel as
2.3 determined by a test that shows:

2.4 (i) that the fuel production pathway achieves at least a 50 percent life cycle greenhouse
2.5 gas emissions reduction in comparison with petroleum-based aviation gasoline, aviation
2.6 turbine fuel, and jet fuel utilizing the most recent version of Argonne National Laboratory's
2.7 Greenhouse Gases, Regulated Emissions, and Energy Use in Technologies (GREET) model
2.8 that accounts for reduced emissions throughout the fuel production process; or

2.9 (ii) that the fuel production pathway achieves at least a 50 percent reduction of the
2.10 aggregate attributional core life cycle emissions and the positive induced land use change
2.11 values under the life cycle methodology for sustainable aviation fuels adopted by the
2.12 International Civil Aviation Organization with the agreement of the United States.

2.13 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning
2.14 after December 31, 2023, for sustainable aviation fuel sold after June 30, 2024, and before
2.15 July 1, 2035.

2.16 Sec. 2. Minnesota Statutes 2024, section 41A.30, subdivision 2, is amended to read:

2.17 Subd. 2. **Tax credit establishment.** (a) A qualifying taxpayer may claim a tax credit
2.18 against the tax due under chapter 290 equal to \$1.50 for each gallon of sustainable aviation
2.19 fuel that is:

2.20 (1) produced in Minnesota or blended with aviation or gasoline or jet fuel in Minnesota;
2.21 and

2.22 (2) sold in Minnesota to a purchaser who certifies that the sustainable aviation fuel is
2.23 for use as fuel in an aircraft departing from an airport in Minnesota.

2.24 (b) The credit may be claimed only after approval and certification by the commissioner
2.25 and is limited to the amount stated on the credit certificate issued under subdivision 3. A
2.26 qualifying taxpayer must apply to the commissioner for certification and allocation of a
2.27 credit in a form and manner prescribed by the commissioner.

2.28 (c) A qualifying taxpayer may claim a credit for blending or producing sustainable
2.29 aviation fuel, but not both. If sustainable aviation fuel is blended with aviation gasoline or
2.30 jet fuel, the credit is allowed only for the portion of sustainable aviation fuel that is included
2.31 in the blended fuel.

3.1 (d) If the amount of credit that the taxpayer is eligible to receive under this section
 3.2 exceeds the liability for tax under chapter 290, the commissioner of revenue must refund
 3.3 the excess to the taxpayer.

3.4 (e) A qualifying taxpayer may claim a supplemental tax credit rate against the tax due
 3.5 under chapter 290 equal to \$0.02 per gallon for each additional whole percentage carbon
 3.6 intensity reduction beyond 50 percent, capped at \$0.50.

3.7 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning
 3.8 after December 31, 2023, for sustainable aviation fuel sold after June 30, 2024, and before
 3.9 July 1, 2035.

3.10 Sec. 3. Minnesota Statutes 2024, section 41A.30, subdivision 5, is amended to read:

3.11 Subd. 5. **Allocation limits.** (a) For tax credits allowed under subdivision 2, the
 3.12 commissioner must not issue credit certificates for more than:

3.13 (1) \$7,400,000 for each of fiscal year years 2025 to 2027; and

3.14 (2) \$2,100,000 for each of fiscal years 2026 2028 to and 2027 2035.

3.15 (b) If the entire amount authorized under paragraph (a) is not allocated in that fiscal year
 3.16 2025 or 2026, any remaining amount is carried forward into the next fiscal year and is
 3.17 available for allocation through fiscal year 2030 2035 until the entire allocation has been
 3.18 made. The commissioner must not issue any credit certificates for fiscal years beginning
 3.19 after June 30, 2030 2035, and any unallocated amounts cancel on that date.

3.20 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning
 3.21 after December 31, 2023, for sustainable aviation fuel sold after June 30, 2024, and before
 3.22 July 1, 2035.

3.23 Sec. 4. Minnesota Statutes 2024, section 41A.30, subdivision 7, is amended to read:

3.24 Subd. 7. **Expiration.** This section expires for taxable years beginning after December
 3.25 31, 2030 2035.

3.26 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning
 3.27 after December 31, 2023, for sustainable aviation fuel sold after June 30, 2024, and before
 3.28 July 1, 2035.