A bill for an act

relating to taxes; income; providing an income tax credit for telecommuting equipment expenses; proposing coding for new law in Minnesota Statutes, chapter 290.

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

Section 1. **[290.0678] TELECOMMUTING EQUIPMENT CREDIT.**

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

(b) "Qualifying employer" means an employer who employs at least ten people on a full-time basis in Minnesota.

(c) "Workplace employee" means a full-time employee who performs all or substantially all employment duties at the qualifying employer's place of business.

(d) "Telecommuting employee" means a full-time employee who at least one day per week uses electronic communications to perform work that ordinarily would be performed at the qualifying employer's place of business at the employee's home or secondary residence or both, thereby eliminating the employee's physical commute to and from the qualifying employer's place of business.

(e) "Qualifying employee" means an employee who converts from being a workplace employee to being a telecommuting employee on or after January 1, 2006.

(f) "Telecommuting conversion expenses" means expenses incurred for purchase and installation of equipment that facilitates telecommuting, including computer hardware and software, modems, printers, fax machines, copiers, and office furnishings, but excludes any such expenses for items that the employee uses for personal purposes on other than an incidental basis. Telecommuting conversion expenses excludes electronic mail or

Internet service provider fees, and fees for telephone, cellular, or other wireless service necessary for telecommuting.

Subd. 2. **Credit allowed.** A taxpayer is allowed a credit against the tax due under this chapter equal to ten percent of the telecommuting conversion expenses of a qualifying employee. The credit may be claimed one time for each qualifying employee. The credit may be claimed by either the employer or the employee, but only one credit may be claimed for the telecommuting conversion expenses of each qualifying employee. The maximum credit is $500.

Subd. 3. **Limitation.** The credit for the taxable year is limited to the tax imposed under this chapter for the taxable year reduced by the sum of the nonrefundable credits allowed under this chapter.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2006.