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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETY-THIRD SESSION

H. F. No. 2360

03/02/2023 Authored by Rehm, Clardy, Hornstein, Sencer-Mura, Her and others
The bill was read for the first time and referred to the Committee on Transportation Finance and Policy

1.1 A bill for an act
1.2 relating to taxation; individual income; allowing a refundable and assignable credit
1.3 for electric-assisted bicycle purchases; proposing coding for new law in Minnesota
1.4 Statutes, chapter 290.

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

1.6 Section 1. [290.0687] ELECTRIC-ASSISTED BICYCLE CREDIT.

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

1.9 (b) "Electric-assisted bicycle" has the meaning given in section 169.011, subdivision
1.10 27, except that the term is limited to a new electric-assisted bicycle purchased from an
1.11 electric-assisted bicycle retailer.

1.12 (c) "Electric-assisted bicycle retailer" or "retailer" means a person engaged in the business
1.13 of retail sales of new electric-assisted bicycles.

1.14 Subd. 2. Credit allowed. (a) A resident individual income taxpayer is allowed a credit
1.15 against the tax imposed by this section equal to 75 percent of the amount paid for an
1.16 electric-assisted bicycle in the taxable year, excluding any additional parts or accessories.
1.17 The credit is limited to \$1,500, except for a married taxpayer filing a joint return, the limit
1.18 is \$1,500 per spouse.

1.19 (b) The credit percentage in paragraph (a) is reduced by one percentage point until the
1.20 credit percentage equals 50 percent, for each \$4,000 of adjusted gross income in excess of:

1.21 (1) \$50,000 for a married taxpayer filing a joint return; and

1.22 (2) \$25,000 for all other filers.

2.1 (c) For the purposes of determining credits under this section, the commissioner must  
2.2 use the taxpayer's adjusted gross income for the taxable year ending in the calendar year  
2.3 prior to the calendar year in which the taxpayer applied under subdivision 3.

2.4 Subd. 3. **Application; administration of credit; transferability.** (a) To claim the credit  
2.5 under this section, a taxpayer must apply to the commissioner for a credit certificate prior  
2.6 to purchasing an electric-assisted bicycle and assign the credit to an electric-assisted bicycle  
2.7 retailer. The application must be in the form specified by the commissioner. The  
2.8 commissioner must issue a credit certificate to an eligible taxpayer stating the credit  
2.9 percentage and maximum credit for which the taxpayer is eligible. For a married taxpayer  
2.10 filing a joint return, each spouse may apply to the commissioner separately, and the  
2.11 commissioner must issue each spouse a separate credit certificate.

2.12 (b) The commissioner must establish the form and manner by which a taxpayer may  
2.13 assign a credit to a retailer, but the process for assigning a credit must specify the purchase  
2.14 price of the electric-assisted bicycle and the amount of the credit for which the taxpayer is  
2.15 eligible. The commissioner must establish a process through which retailers may quickly  
2.16 verify the validity of a credit certificate at the time of purchase.

2.17 (c) An electric-assisted bicycle retailer who was assigned a credit may immediately  
2.18 apply to the commissioner for reimbursement in an amount equal to the amount of the credit.

2.19 (d) A credit under this section must not be assigned or transferred more than once.

2.20 Subd. 4. **Expiration of credit certificates.** (a) A credit certificate that was not assigned  
2.21 to a retailer expires three months after the date the certificate was issued and may not be  
2.22 assigned to a retailer after expiration.

2.23 (b) A credit certificate assigned to a retailer under this section expires three months after  
2.24 the date of assignment. The commissioner must not reimburse a retailer for an expired  
2.25 certificate.

2.26 Subd. 5. **Credit limited.** A taxpayer may claim and assign a credit under this section  
2.27 one time during a five calendar year period. This limitation does not apply to credit  
2.28 certificates that have expired.

2.29 Subd. 6. **Credit refundable; appropriation.** If the amount of credit which the claimant  
2.30 is eligible to receive under this section exceeds the claimant's tax liability under this chapter,  
2.31 the commissioner shall refund the excess to the claimant. The amount necessary to pay the  
2.32 refunds required by this section is appropriated to the commissioner from the general fund.

- 3.1 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
- 3.2 31, 2022.