A bill for an act

relating to taxation; income and corporate; increasing the research credit and appropriating money for the biotechnology credit; amending Minnesota Statutes 2008, sections 290.068, subdivision 1; 469.335.

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

Section 1. Minnesota Statutes 2008, section 290.068, subdivision 1, is amended to read:

Subdivision 1. **Credit allowed.** A corporation, other than a corporation treated as an "S" corporation under section 290.9725, is allowed a credit against the portion of the franchise tax computed under section 290.06, subdivision 1, for the taxable year equal to~~: (a) 5~~ six percent ~~of the first $2,000,000~~ of the excess (if any) of

(1) the qualified research expenses for the taxable year, over

(2) the base amount~~; and~~

~~(b) 2.5 percent on all of such excess expenses over $2,000,000~~.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2008.

Sec. 2. Minnesota Statutes 2008, section 469.335, is amended to read:

469.335 APPLICATION FOR TAX BENEFITS.

(a) To claim a tax credit or exemption against a state tax under section 469.336, a business must apply to the commissioner for a tax credit certificate. As a condition of its application, the business must agree to furnish information to the commissioner that is sufficient to verify the eligibility for any credits or exemptions claimed. The total amount of the state tax credits and exemptions allowed for the specified period may not exceed the amount of the tax credit certificates provided by the commissioner to the business. The

commissioner must verify to the commissioner of revenue the amount of tax exemptions or credits for which each business is eligible.

(b) A tax credit certificate issued under this section may specify the particular tax exemptions or credits against a state tax that the qualified business is eligible to claim under section 469.336, and the amount of each exemption or credit allowed.

(c) The commissioner may issue ~~$1,000,000~~ $2,000,000 of tax credits or exemptions in fiscal year ~~2004~~ 2010. Any tax credits or exemptions not awarded in fiscal year ~~2004~~ 2010 may be awarded in fiscal year ~~2005~~ 2011.

(d) A qualified business must use the tax credits or tax exemptions granted under this section by the later of the end of the state fiscal year or the taxpayer's tax year in which the credits or exemptions are granted.

EFFECTIVE DATE. This section is effective the day following final enactment.