

A bill for an act
relating to taxation; providing a tax credit for increasing employment; amending
Minnesota Statutes 2008, section 290.06, by adding a subdivision.

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

Section 1. Minnesota Statutes 2008, section 290.06, is amended by adding a
subdivision to read:

Subd. 36. **Jobs credit for increasing employment.** (a) A business is allowed a
credit against the tax imposed by this chapter. The credit equals ten percent of:

(1) total Minnesota payroll for the taxable year, less the total Minnesota payroll
for the taxable year 2009; minus

(2) \$24,000 multiplied by (the number of full-time equivalent employees that
the business employs in Minnesota for the taxable year, minus the number of full-time
equivalent employees the business employed in the last day of taxable year 2009, but
not less than zero).

(b) For purposes of this subdivision, the following terms have the meanings given
them:

(1) "full-time equivalent employees" means the equivalent of annualized expected
hours of work equal to 2,080 hours, but only if the annual wages, as defined in section
290.92, paid to the employee exceed \$24,000; and

(2) "Minnesota payroll" means the wages or salaries attributed to Minnesota under
section 290.191, subdivision 12, for the business or the unitary business of which the
qualified business is a part, whichever is greater.

(c) The credit is limited to the liability for tax under this chapter, including the tax
imposed by sections 290.0921 and 290.0922.

2.1 (d) If the amount of the credit under this subdivision for any taxable year exceeds
2.2 the limitations under paragraph (c), the excess is a credit carryover to each of the four
2.3 succeeding taxable years. The entire amount of the excess unused credit for the taxable
2.4 year must be carried first to the earliest of the taxable years to which the credit may be
2.5 carried. The amount of the unused credit that may be added under this paragraph may not
2.6 exceed the taxpayer's liability for tax, less the credit for the taxable year.

2.7 **EFFECTIVE DATE.** This section is effective for taxable years beginning after
2.8 December 31, 2009.