

A bill for an act

relating to taxation; income; providing an income tax credit for telecommuting conversion expenses and ongoing telecommuting 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 EXPENSES 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.

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

(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 as a workplace employee 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) "Converting employee" means an employee who converts from being a workplace employee to being a telecommuting employee on or after January 1, 2009.

(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, office furnishings, and installation of telephone, cable, or digital subscriber lines (DSL), 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, cable, DSL, or other wireless service necessary for telecommuting.

(g) "Ongoing telecommuting expenses" means expenses during the taxable year incurred for electronic mail, Internet service, and telephone, cellular, cable, DSL, or other wireless service necessary for telecommuting.

Subd. 2. Credit allowed; telecommuting conversion expenses. A taxpayer who is a qualifying employer or a converting employee is allowed a credit against the tax due under this chapter equal to ten percent of the telecommuting conversion expenses of the converting employee. The credit may be claimed one time for each converting 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 converting employee. The maximum credit is \$100.

Subd. 3. Credit allowed; ongoing telecommuting expenses. An individual who is either a qualifying employer or a telecommuting employee is allowed a credit against the tax imposed under sections 290.06 and 290.091 equal to ten percent of the ongoing telecommuting expenses of a telecommuting employee. The credit may be claimed by either the employer or the employee, but only one credit may be claimed in a tax year for the ongoing telecommuting expenses of each telecommuting employee. The maximum credit under this subdivision is \$100.

Subd. 4. Allocation; nonresidents and part-year residents. For a nonresident or part-year resident, the credit determined under this section must be allocated based on the percentage calculated under section 290.06, subdivision 2c, paragraph (e).

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