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State of Minnesota
HOUSE OF REPRESENTATIVES

EIGHTY-NINTH SESSION

H. F. No. 10

01/08/2015 Authored by Wills, Dettmer, Persell, Pugh, Kresha and others
The bill was read for the first time and referred to the Veterans Affairs Division
01/29/2015 Adoption of Report: Re-referred to the Committee on Taxes

1.1 A bill for an act
1.2 relating to taxation; providing a veterans jobs tax credit; proposing coding for
1.3 new law in Minnesota Statutes, chapter 290.

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

1.5 Section 1. **[290.0693] VETERANS JOBS TAX CREDIT.**

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

1.8 (b)(1) "Qualified employee" means an employee as defined in section 290.92,
1.9 subdivision 1, who meets the following criteria:

1.10 (i) the employee is a resident of Minnesota on the date of hire;

1.11 (ii) the employee is paid wages as defined in section 290.92, subdivision 1; and

1.12 (iii) the employee's wages are attributable to Minnesota under section 290.191,
1.13 subdivision 12;

1.14 (2) "Qualified employee" does not include:

1.15 (i) any employee who bears any of the relationships to the employer described in
1.16 subparagraphs (A) to (G) of section 152(d)(2) of the Internal Revenue Code;

1.17 (ii) if the employer is a corporation, an employee who owns, directly or indirectly,
1.18 more than 50 percent in value of the outstanding stock of the corporation, or if the
1.19 employer is an entity other than a corporation, an employee who owns, directly or
1.20 indirectly, more than 50 percent of the capital and profits interests in the entity, as
1.21 determined with the application of section 267(c) of the Internal Revenue Code; or

1.22 (iii) if the employer is an estate or trust, any employee who is a fiduciary of the estate
1.23 or trust, or is an individual who bears any of the relationships described in subparagraphs

2.1 (A) to (G) of section 152(d)(2) of the Internal Revenue Code to a grantor, beneficiary,
2.2 or fiduciary of the estate or trust.

2.3 (c) "Qualified employer" means an employer that hired a disabled veteran, an
2.4 unemployed veteran, or a veteran as a qualified employee.

2.5 (d) "Disabled veteran" is a veteran who has a service-connected disability rating as
2.6 adjudicated by the United States Veterans Administration, or by the retirement board of
2.7 one of the several branches of the armed forces.

2.8 (e) "Unemployed veteran" is a veteran who:

2.9 (1) received unemployment compensation under state or federal law at any time
2.10 during the two-year period prior to the date of hire; and

2.11 (2) was unemployed on the date of hire.

2.12 (f) "Veteran" has the meaning given in section 197.447.

2.13 (g) "Date of hire" means the day that the qualified employee begins performing
2.14 services as an employee of the qualified employer.

2.15 Subd. 2. **Credit allowed.** (a) A qualified employer is allowed a credit for each
2.16 of the following individuals that the qualified employer hires as a qualified employee
2.17 during the taxable year:

2.18 (1) a disabled veteran;

2.19 (2) an unemployed veteran; or

2.20 (3) a veteran.

2.21 (b) Subject to the requirements of this section, there is no limit to the number of
2.22 credits that a qualified employer may claim under this section during a taxable year.

2.23 Subd. 3. **Credit amount for hiring certain veterans.** (a) A qualified employer who
2.24 is required to file a return under section 289A.08, subdivision 1, 2, or 3, is allowed a credit
2.25 against the tax imposed by this chapter as determined under this subdivision.

2.26 (b) For hiring a disabled veteran as a qualified employee, the credit equals ten
2.27 percent of the wages paid to the qualified employee during the taxable year, but the
2.28 amount of the credit shall not exceed \$3,000.

2.29 (c) For hiring an unemployed veteran as a qualified employee, the credit equals
2.30 ten percent of the wages paid to the qualified employee during the taxable year, but the
2.31 amount of the credit shall not exceed \$1,500.

2.32 (d) For hiring a veteran as a qualified employee, the credit equals ten percent
2.33 of the wages paid to the qualified employee during the taxable year, but the amount of
2.34 the credit shall not exceed \$500.

3.1 (e) The credit is limited to the liability for tax under this chapter for the taxable year.
3.2 If the credit for a taxable year exceeds the liability for tax under this chapter, the excess
3.3 may not be carried over to a subsequent taxable year.

3.4 (f) A qualified employer may claim the credit available under paragraph (b), (c), or
3.5 (d) either for the taxable year in which the qualified employee is hired or for the taxable
3.6 year immediately following the year in which the qualified employee was hired, but the
3.7 qualified employer may not claim the credit for both taxable years.

3.8 (g) A qualified employer is allowed only one of the credits authorized under
3.9 paragraphs (b) to (d) upon hiring a disabled veteran, an unemployed veteran, or a veteran
3.10 as a qualified employee.

3.11 (h) A qualified employer may not claim a credit under this subdivision for hiring a
3.12 disabled veteran, an unemployed veteran, or a veteran as a qualified employee if the
3.13 qualified employer currently employs or has previously employed the disabled veteran,
3.14 unemployed veteran, or veteran.

3.15 Subd. 4. **Flow-through entities.** Credits granted to a partnership, limited liability
3.16 company taxed as a partnership, S corporation, or multiple owners of a business are passed
3.17 through to the partners, members, shareholders, or owners, respectively, pro rata to each
3.18 partner, member, shareholder, or owner based on their share of the entity's assets or as
3.19 specially allocated in their organizational documents, as of the last day of the taxable year.

3.20 **EFFECTIVE DATE.** This section is effective for taxable years beginning after
3.21 December 31, 2014.