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State of Minnesota
HOUSE OF REPRESENTATIVES

EIGHTY-NINTH SESSION

H. F. No. 1083

02/19/2015 Authored by Considine, Davids, Baker, Applebaum, Youakim and others
The bill was read for the first time and referred to the Committee on Taxes

1.1 A bill for an act
1.2 relating to taxation; income; providing a credit for certain employer paid taxes;
1.3 proposing coding for 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] CREDIT FOR CERTAIN EMPLOYER PAID TAXES.**

1.6 Subdivision 1. Credit allowed. A taxpayer is allowed a credit against the tax
1.7 imposed under this chapter in an amount equal to the excess employer Social Security tax
1.8 paid by the taxpayer in a taxable year. For purposes of this section, "excess employer Social
1.9 Security tax" has the meaning given in section 45B(b)(1) of the Internal Revenue Code,
1.10 except that "the minimum wage rate applicable" means the wage rate under section 177.24.

1.11 Subd. 2. Limitations. (a) The amount used to claim the credit excludes any amount
1.12 used to determine the credit under section 45B of the Internal Revenue Code. The credit is
1.13 not allowed for any amount deducted for purposes of determining federal taxable income.

1.14 (b) The credit for a taxable year must not exceed the liability for tax. For purposes
1.15 of this section, "liability for tax" means the sum of the tax imposed under section 290.06,
1.16 subdivisions 1 and 2c, for the taxable year, reduced by the sum of the nonrefundable
1.17 credits allowed under this chapter. In the case of a unitary group filing a combined report,
1.18 the liability for tax includes all entities required to be included on the combined report
1.19 of the unitary business. If the amount of the credit allowed exceeds the liability for tax
1.20 of the taxpayer, but is allowed as a result of the liability for tax of other members of
1.21 the unitary group for the taxable year, the taxpayer must allocate the excess as a credit
1.22 to another member of the unitary group.

1.23 (c) In the case of a corporation which is a partner in a partnership, the credit allowed
1.24 for the taxable year shall not exceed the lesser of:

- 2.1 (1) the amount determined under paragraph (b) for the taxable year; or
2.2 (2) an amount, separately computed with respect to the corporation's interest in
2.3 the trade, business, or entity, equal to the amount of tax attributable to that portion of
2.4 taxable income which is allocable or apportionable to the corporation's interest in the
2.5 trade, business, or entity.

2.6 Subd. 3. **Partnerships and S corporations.** Credits allowed for a partnership, a
2.7 limited liability company taxed as a partnership, or an S corporation are passed through to
2.8 the partners, members, or shareholders, respectively, pro rata to each partner, member,
2.9 or shareholder based on their share of the entity's assets or as specially allocated in their
2.10 organizational documents, as of the last day of the taxable year.

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