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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETY-FIRST SESSION

H. F. No. 1642

02/25/2019 Authored by Youakim; Davids; Carlson, L.; Koznick and Becker-Finn  
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; modifying the historic structure rehabilitation credit;  
1.3 clarifying the allowance and assignment of the credit; making the credit permanent;  
1.4 amending Minnesota Statutes 2018, section 290.0681, subdivisions 2, 4; repealing  
1.5 Minnesota Statutes 2018, section 290.0681, subdivision 10.

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

1.7 Section 1. Minnesota Statutes 2018, section 290.0681, subdivision 2, is amended to read:

1.8 Subd. 2. **Credit or grant allowed; certified historic structure.** (a) A credit is allowed  
1.9 against the tax imposed under this chapter equal to not more than 100 percent of the credit  
1.10 allowed under section 47(a)(2) of the Internal Revenue Code for a project. Notwithstanding  
1.11 the provisions of section 47(a) of the Internal Revenue Code that require the federal credit  
1.12 to be allocated ratably over a five-year period, the full amount of the credit under this section  
1.13 is allowed in the taxable year in which the qualified rehabilitated building is placed in  
1.14 service. To qualify for the credit:

1.15 (1) the project must receive Part 3 certification and be placed in service during the taxable  
1.16 year; and

1.17 (2) the taxpayer must be allowed the federal credit and be issued a credit certificate for  
1.18 the taxable year as provided in subdivision 4.

1.19 (b) The commissioner of administration may pay a grant in lieu of the credit. The grant  
1.20 equals 90 percent of the credit that would be allowed for the project.

1.21 (c) In lieu of the credit under paragraph (a), an insurance company may claim a credit  
1.22 against the insurance premiums tax imposed under chapter 297I.

2.1 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
2.2 31, 2018.

2.3 Sec. 2. Minnesota Statutes 2018, section 290.0681, subdivision 4, is amended to read:

2.4 Subd. 4. **Credit certificates; grants.** (a)(1) The developer of a project for which the  
2.5 office has issued an allocation certificate must notify the office when the project is placed  
2.6 in service. Upon verifying that the project has been placed in service, and was allowed a  
2.7 federal credit, the office must issue a credit certificate to the taxpayer designated in the  
2.8 application or must issue a grant to the recipient designated in the application. The credit  
2.9 certificate must state the amount of the credit.

2.10 (2) The credit amount equals the federal credit allowed for the project.

2.11 (3) The grant amount equals 90 percent of the federal credit allowed for the project.

2.12 (b) The recipient of a credit certificate, and any subsequent assignee of the credit  
2.13 certificate, may assign the certificate to another taxpayer, which is then allowed the credit  
2.14 under this section or section 297I.20, subdivision 3. An assignment is not valid unless the  
2.15 assignee notifies the commissioner within 30 days of the date that the assignment is made.  
2.16 The commissioner shall prescribe the forms necessary for notifying the commissioner of  
2.17 the assignment of a credit certificate and for claiming a credit by assignment.

2.18 (c) Credits passed through to partners, members, shareholders, or owners pursuant to  
2.19 subdivision 5 are not an assignment of a credit certificate under this subdivision.

2.20 (d) A grant agreement between the office and the recipient of a grant may allow the  
2.21 grant to be issued to another individual or entity.

2.22 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
2.23 31, 2018.

2.24 Sec. 3. **REPEALER.**

2.25 Minnesota Statutes 2018, section 290.0681, subdivision 10, is repealed.

APPENDIX  
Repealed Minnesota Statutes: 19-3541

**290.0681 CREDIT FOR HISTORIC STRUCTURE REHABILITATION.**

Subd. 10. **Sunset.** This section expires after fiscal year 2021, except that the office's authority to issue credit certificates under subdivision 4 based on allocation certificates that were issued before fiscal year 2022 remains in effect through 2024, and the reporting requirements in subdivision 9 remain in effect through the year following the year in which all allocation certificates have either been canceled or resulted in issuance of credit certificates, or 2025, whichever is earlier.