

State of Minnesota

H. F. No. 2089

1.1 A bill for an act

1.2 relating to taxation; individual income and corporate franchise; providing a credit

1.3 for employers of reservists; proposing coding for new law in Minnesota Statutes,

1.4 chapter 290.

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

1.6 Section 1. **[290.0683] CREDIT FOR EMPLOYERS OF RESERVISTS.**

1.7 Subdivision 1. **Definitions.** (a) For purposes of this subdivision, the following terms

1.8 have the meanings given.

1.9 (b) "Day of service" means a day that the qualifying employee missed work to serve in

1.10 the uniformed service in the taxable year while employed by the eligible employer.

1.11 (c) "Eligible employer" has the meaning given in section 45S(c)(1) of the Internal

1.12 Revenue Code.

1.13 (d) "Qualifying employee" means an employee who:

1.14 (1) is not a part-time employee, as defined in section 4980E(d)(4)(B) of the Internal

1.15 Revenue Code; and

1.16 (2) is a qualified reservist.

1.17 (e) "Qualified reservist" means an individual who, at any time during the taxable year,

1.18 is a member of the National Guard or reserve component of the armed forces, as defined in

1.19 United States Code, title 10, section 10101. Qualified reservist does not include a member

1.20 of the Individual Ready Reserve.

1.21 (f) "Reservist credit amount" means \$500 plus:

2.1 (1) \$1,500 for each qualifying employee who serves more than 30 days of service and  
2.2 fewer than 90 days of service during the taxable year;

2.3 (2) \$2,500 for each qualifying employee who serves 90 or more days of service and  
2.4 fewer than 180 days of service during the taxable year; and

2.5 (3) \$5,000 for each qualifying employee who serves 180 or more days of service during  
2.6 the taxable year.

2.7 Subd. 2. **Credit allowed.** An eligible employer may claim a credit that equals the reservist  
2.8 credit amount for each qualifying employee for the taxable year. If the credit exceeds the  
2.9 tax imposed under this chapter, the excess is a credit carryover to each of the five succeeding  
2.10 taxable years. The entire amount of the excess unused credit must be carried first to the  
2.11 earliest taxable year to which the amount may be carried. The unused portion of the credit  
2.12 must be carried to the following taxable year. No credit may be carried to a taxable year  
2.13 more than five years after the taxable year in which the credit was earned.

2.14 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
2.15 31, 2018.