

State of Minnesota

H. F. No. **2853**

1.1 A bill for an act

1.2 relating to taxation; modifying corporate franchise and individual income taxes;

1.3 allowing a credit for certain federal taxes paid; amending Minnesota Statutes 2020,

1.4 section 290.06, by adding a subdivision.

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

1.6 Section 1. Minnesota Statutes 2020, section 290.06, is amended by adding a subdivision

1.7 to read:

1.8 Subd. 41. **FICA tax credit.** (a) A taxpayer subject to tax under section 290.02 or 290.03

1.9 is allowed a credit against the tax imposed under this chapter equal to ten percent of the tax

1.10 paid under section 3111(a) of the Internal Revenue Code for the taxable year on wages

1.11 subject to withholding under section 290.92, multiplied by a factor that represents a taxpayer's

1.12 share of the employer's assets or as specially allocated in their organizational documents or

1.13 any other executed agreement, as of the last day of the taxable year. For purposes of this

1.14 paragraph, "employer" has the meaning given in section 290.92, subdivision 1, clause (4).

1.15 (b) For a taxpayer subject to tax under section 290.02, the credit for the taxable year

1.16 must not exceed the sum of the liability for tax under subdivision 1 and section 290.0921.

1.17 For a taxpayer subject to tax under section 290.03, the credit for the taxable year must not

1.18 exceed the sum of the liability for tax under subdivision 1 and section 290.091.

1.19 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December

1.20 31, 2021.