

H. F. No. **2877**

(b) The commissioner must contract with an insurance company licensed under chapter 60A to administer the program.

(c) The program must set employer and employee contributions at a rate sufficient to fund the program, including to pay for benefits and reasonably incurred expenses.

(d) The commissioner must determine the appropriate benefits to be paid to each employee and may allow up to 12 weeks of benefits. If the employee exercises the employee's rights under FMLA, benefits under this section must be provided concurrently.

Subd. 3. **Contributions.** A small employer's employees may enroll in the program in the employee's individual capacity. A small employer may enroll in the program on behalf of its employees and contribute, in part or wholly, to the voluntary small employer paid family leave insurance program on behalf of its employees. An employer exempt from FMLA may elect to participate in the program.

EFFECTIVE DATE. This section is effective July 1, 2019.

Sec. 2. [290.0693] SMALL EMPLOYER PAID FAMILY LEAVE CREDIT.

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

(b) "Qualifying employer" means an employer with qualifying employee expenses in a taxable year.

(c) "Qualifying employee expenses" means premiums and other payments an employer pays to participate in the program on behalf of its employees.

(d) "Small employer paid family leave insurance program" or "program" means the voluntary small employer paid family leave insurance program, as provided under section 62L.24.

Subd. 2. **Credit allowed.** (a) A taxpayer that is a qualified employer may credit against the tax imposed under this chapter. The credit is 25 percent of the taxpayer's qualifying employee expenses. The credit must not exceed the liability for tax under this chapter.

(b) The credit authorized under this section is limited to \$150,000 per qualified employer per taxable year.

Subd. 3. **Carryover.** If the credit authorized under this section exceeds the tax imposed under this chapter, the excess is a credit carryover to each of the five succeeding taxable years. The entire amount of the excess unused credit must be carried first to the earliest taxable year the amount may be carried to. The unused portion of the credit must be carried

3.1 to the following taxable year. A credit must not be carried to a taxable year that is more
3.2 than five years after the taxable year in which the credit was earned.

3.3 Subd. 4. **Pass-through entities.** Credits a partnership, a limited liability company taxed
3.4 as a partnership, an S corporation, or multiple owners of property may claim under this
3.5 section are passed through to the partners, members, shareholders, or owners, respectively,
3.6 pro rata to each partner, member, shareholder, or owner based on their share of the entity's
3.7 income for the taxable year.

3.8 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
3.9 31, 2018.

3.10 Sec. 3. **VOLUNTARY SMALL EMPLOYER PAID FAMILY LEAVE INSURANCE**
3.11 **PROGRAM; APPROPRIATION.**

3.12 \$..... in fiscal year 2020 is appropriated from the general fund to the commissioner of
3.13 commerce to fund the voluntary small employer paid family leave insurance program under
3.14 section 62L.24.