

(1) under 18 years of age, or 18 years of age or older and incapable of self-care because of a mental or physical disability; and

(2) a biological, adopted, or foster son or daughter; a stepson or stepdaughter; a legal ward; a son or daughter of a domestic partner; or a son or daughter of a person to whom the employee stands in loco parentis.

(d) "Employee" has the meaning given in section 290.92, subdivision 1, clause (3).

(e) "Family leave" means leave for any of the following purposes:

(1) participating in providing care, including physical or psychological care, for a family member of the employee made necessary by the family member's serious health condition;

(2) bonding with the employee's child during the first 12 months after the child's birth, or the first 12 months after the placement of the child for adoption or foster care with the employee; or

(3) addressing a qualifying exigency, as interpreted under the Family and Medical Leave Act, United States Code, title 29, section 2612(a)(1)(e), and Code of Federal Regulations, title 29, sections 825.126(a)(1) to (8), arising from the fact that the spouse, child, or parent of the employee is on active duty or has been notified of an impending call or order to active duty in the armed forces of the United States.

(f) "Family member" means a child, spouse, parent, or grandparent as defined in this chapter.

(g) "Parent" means a biological, foster, or adoptive parent; a stepparent; a legal guardian; or other person who stood in loco parentis to the employee when the employee was a child.

(h) "Qualified employee" means an employee who has been employed by the qualified employer for one year or more.

(i) "Qualified employer" means an employer subject to the withholding requirements under section 290.92, who:

(1) employs 50 or fewer employees in Minnesota; and

(2) pays family leave benefits for one or more qualified employees.

(j) "Serious health condition" means an illness, injury, impairment, or physical or mental condition, including organ or tissue transplant or donation, that involves inpatient care in a hospital, hospice, or residential health care facility, continuing treatment, or continuing supervision by a health care provider as defined in an insurance policy. Continuing supervision by a health care provider includes a period of incapacity that is permanent or

3.1 long term due to a condition for which treatment may not be effective and where the family
3.2 member is not receiving active treatment by a health care provider.

3.3 (k) "Tax imposed under this chapter" means the taxes imposed under sections 290.06,
3.4 290.091, and 290.0921, but excludes the fee under section 290.0922.

3.5 Subd. 3. **Allocation; application; certification.** (a) To qualify for a credit under this
3.6 section, a qualified employer must submit to the commissioner an application for a credit
3.7 in the form prescribed by the commissioner.

3.8 (b) Upon approving an application for a credit that meets the requirements of this section,
3.9 the commissioner shall issue allocation certificates that:

3.10 (1) verify eligibility for the credit;

3.11 (2) state the amount of the credit for each qualified employer; and

3.12 (3) state the taxable year in which the credit is allocated.

3.13 (c) The commissioner must allocate credits on a first-come, first-served basis.

3.14 (d) The commissioner must not issue allocation certificates for more than \$50,000,000
3.15 of credits each year in which the credit is available under this section. If the entire amount
3.16 is not allocated in that taxable year, any remaining amount is available for allocation for
3.17 following taxable years until the entire allocation has been made, but the commissioner
3.18 must not award any credits for taxable years beginning after December 31, 2025, and any
3.19 unallocated amounts cancel on that date.

3.20 Subd. 4. **Nonresidents and part-year residents.** For a nonresident or part-year resident,
3.21 the credit must be allocated using the percentage calculated in section 290.06, subdivision
3.22 2c, paragraph (e).

3.23 Subd. 5. **Partnerships; multiple owners.** Credits granted to a partnership, a limited
3.24 liability company taxed as a partnership, an S corporation, or multiple owners of property
3.25 are passed through to the partners, members, shareholders, or owners, respectively, pro rata
3.26 to each partner, member, shareholder, or owner based on their share of the entity's assets
3.27 or as specially allocated in their organizational documents or any other executed document,
3.28 as of the last day of the taxable year.

3.29 Subd. 6. **Carryover.** If the credit allowed under subdivision 1 exceeds the tax imposed
3.30 under this chapter, the excess is a credit carryover to each of the five succeeding taxable
3.31 years. The entire amount of the excess unused credit must be carried first to the earliest
3.32 taxable year to which the amount may be carried. The unused portion of the credit must be

- 4.1 carried to the following taxable year. No credit may be carried to a taxable year more than
- 4.2 five years after the taxable year in which the credit was earned.
- 4.3 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
- 4.4 31, 2022, and before January 1, 2026.