

**SENATE**  
**STATE OF MINNESOTA**  
**NINETY-FIRST SESSION**

**S.F. No. 1008**

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DATE	D-PG	OFFICIAL STATUS
02/07/2019	303	Introduction and first reading Referred to Taxes
02/11/2019	342	Author added Anderson, P.

1.1 A bill for an act  
 1.2 relating to taxation; income and corporate franchise; allowing simplified  
 1.3 computation of base amount for the research credit; amending Minnesota Statutes  
 1.4 2018, section 290.068, subdivision 2.

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

1.6 Section 1. Minnesota Statutes 2018, section 290.068, subdivision 2, is amended to read:

1.7 Subd. 2. **Definitions.** For purposes of this section, the following terms have the meanings  
 1.8 given.

1.9 (a) "Qualified research expenses" means (i) qualified research expenses and basic research  
 1.10 payments as defined in section 41(b) and (e) of the Internal Revenue Code, except it does  
 1.11 not include expenses incurred for qualified research or basic research conducted outside  
 1.12 the state of Minnesota pursuant to section 41(d) and (e) of the Internal Revenue Code; and  
 1.13 (ii) contributions to a nonprofit corporation established and operated pursuant to the  
 1.14 provisions of chapter 317A for the purpose of promoting the establishment and expansion  
 1.15 of business in this state, provided the contributions are invested by the nonprofit corporation  
 1.16 for the purpose of providing funds for small, technologically innovative enterprises in  
 1.17 Minnesota during the early stages of their development.

1.18 (b) "Qualified research" means qualified research as defined in section 41(d) of the  
 1.19 Internal Revenue Code, except that the term does not include qualified research conducted  
 1.20 outside the state of Minnesota.

1.21 (c) "Base amount" means base amount as defined in section 41(c) of the Internal Revenue  
 1.22 Code, except that the average annual gross receipts and aggregate gross receipts must be  
 1.23 calculated using Minnesota sales or receipts under section 290.191 and the definitions

2.1 contained in paragraphs (a) and (b) shall apply. If there are inadequate records or the records  
2.2 are unavailable to compute or verify the base percentage, a fixed base percentage of 16  
2.3 percent must be used.

2.4 (d) "Liability for tax" means the sum of the tax imposed under section 290.06,  
2.5 subdivisions 1 and 2c, for the taxable year reduced by the sum of the nonrefundable credits  
2.6 allowed under this chapter, on all of the entities required to be included on the combined  
2.7 report of the unitary business.

2.8 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
2.9 31, 2018.