

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

**S.F. No. 1157**

(SENATE AUTHORS: NEWMAN)

DATE  
02/18/2021

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455 Introduction and first reading  
Referred to Taxes

OFFICIAL STATUS

1.1 A bill for an act  
 1.2 relating to taxation; income; providing a tax credit for certain employers; requiring  
 1.3 a report; proposing coding for new law in Minnesota Statutes, chapter 290.

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

1.5 Section 1. **[290.0683] GREATER MINNESOTA CATCH-UP CREDIT.**

1.6 Subdivision 1. Credit name. The credit allowed by this section shall be known as the  
 1.7 "Greater Minnesota Catch-Up Credit."

1.8 Subd. 2. Definitions. (a) For purposes of this section, the following terms have the  
 1.9 meanings given.

1.10 (b) "Duly appointed representatives" means a county or regional economic development  
 1.11 agency or authority.

1.12 (c) "Eligible county" means a county, located outside the metropolitan area, as defined  
 1.13 in section 473.121, subdivision 2, that experienced, between 2010 and 2020, a net job growth  
 1.14 rate of less than 1.5 percent, or a county that has a population of less than 25,000 according  
 1.15 to the 2020 census.

1.16 (d) "Qualifying job" means full-time employment in an export-focused or high-growth,  
 1.17 high-demand industry that pays not less than \$15 per hour, or \$12 per hour plus health  
 1.18 insurance benefits, or its equivalent. Qualifying job includes employment in the following  
 1.19 industries: advanced manufacturing, information technology, forestry, mining, agriprocessing,  
 1.20 and tourism attractions. Qualifying job does not include any employment for which a tax  
 1.21 credit is received under section 469.318 or for which a grant is made under section 469.309.

2.1 Subd. 3. Credit allowed. (a) A taxpayer who is awarded a credit under subdivision 4  
2.2 may take a credit against the tax imposed by this chapter, equal to \$4,000 per qualifying  
2.3 job created by the taxpayer, per year for three years, and \$3,000 in the fourth year.

2.4 (b) A taxpayer may first claim the credit under this section for the taxable year in which  
2.5 the new qualifying job is in existence for the full year and thereafter for each of the three  
2.6 immediately succeeding taxable years in which the new qualifying job is in existence for a  
2.7 full year.

2.8 Subd. 4. Qualification; application. (a) To qualify for a credit under this section, a  
2.9 taxpayer must create a new qualifying job within an eligible county.

2.10 (b) A taxpayer seeking a credit under this section must apply to an eligible county by  
2.11 January 15 on a form and in a manner prescribed by the commissioner of employment and  
2.12 economic development.

2.13 (c) Eligible counties shall award credits under this section once each year by March 15.  
2.14 An eligible county shall publish a notice advertising the award date at least 90 days before  
2.15 the date. The county board of commissioners of an eligible county, or the duly appointed  
2.16 representatives of the county board of commissioners, shall award credits under this section  
2.17 to applicants using uniform criteria established by the commissioner of employment and  
2.18 economic development. The county board of commissioners must use criteria that  
2.19 contemplate and place greater weight on the following factors: whether the qualifying job  
2.20 provides higher wages, better benefits, or on-the-job training; whether the taxpayer's business  
2.21 provides employee stock ownership plans or employee profit sharing; and whether a higher  
2.22 percentage of the business's employees are hired with tax credits under this section.

2.23 Subd. 5. Limitation; carryforward of unawarded amounts; designated employees. (a)  
2.24 The total amount of credits that may be awarded in each eligible county under this section  
2.25 may not exceed the following amounts:

2.26 (1) \$20,000 for credits taken in tax year 2022;

2.27 (2) \$40,000 for credits taken in tax year 2023;

2.28 (3) \$60,000 for credits taken in tax year 2024; and

2.29 (4) \$75,000 for credits taken in tax year 2025 and thereafter.

2.30 (b) If a county does not award the maximum amount of credits for a tax year, the  
2.31 maximum amount for the following year is increased by the amount not awarded in the  
2.32 preceding year.

3.1 (c) A credit under this section is awarded to the taxpayer for a qualifying job held by a  
3.2 designated employee. Except as provided by this paragraph, the taxpayer may only claim  
3.3 the credit under this section for those years in which the designated employee held a  
3.4 qualifying job for the entire year. If the designated employee for whom a credit under this  
3.5 section was awarded leaves the employment of the taxpayer for any reason, the remaining  
3.6 credit the taxpayer would otherwise be eligible to receive is forfeited and may not be claimed  
3.7 by the taxpayer unless a replacement employee is hired to fill the qualifying job within three  
3.8 months. Credit amounts forfeited under this paragraph accrue back to and may be awarded  
3.9 by an eligible county as if the amount had been unawarded, as provided in paragraphs (a)  
3.10 and (b).

3.11 Subd. 6. **Credit refundable.** If the amount of the credit that the taxpayer is eligible to  
3.12 receive under this section exceeds the taxpayer's liability for tax under this chapter, the  
3.13 commissioner shall refund the excess to the claimant. An amount sufficient to pay the  
3.14 refunds authorized by this subdivision is appropriated to the commissioner from the general  
3.15 fund.

3.16 Subd. 7. **Proportional credits.** Credits granted to a partnership, a limited liability  
3.17 company taxed as a partnership, an S corporation, or multiple owners of property are passed  
3.18 through to the partners, members, shareholders, or owners, respectively, pro rata to each  
3.19 partner, member, shareholder, or owner based on their share of the entity's assets or as  
3.20 specially allocated in their organizational documents or any other executed agreement, as  
3.21 of the last day of the taxable year.

3.22 Subd. 8. **Manner of claiming.** The commissioner shall prescribe the manner in which  
3.23 the credit may be issued and claimed. This may include providing for the issuance of credit  
3.24 certificates or allowing the credit only as a separately processed claim for a refund.

3.25 Subd. 9. **Report.** The commissioner of employment and economic development shall  
3.26 provide a written report to the chairs and ranking minority members of the senate and house  
3.27 of representatives committees and divisions with jurisdiction over jobs and economic  
3.28 development and taxes by February 15, 2029. The report must comply with sections 3.195  
3.29 and 3.197, and provide information on credits claimed under this section and evaluate the  
3.30 feasibility and benefit of continuing the program. The commissioner of employment and  
3.31 economic development may consult with the commissioner of revenue in preparing this  
3.32 report.

3.33 Subd. 10. **Expiration.** This section expires for taxable years beginning after December  
3.34 31, 2037.

- 4.1 **EFFECTIVE DATE.** This section is effective the day following final enactment for
- 4.2 credits taken for taxable years beginning after December 31, 2021.