

SENATE
STATE OF MINNESOTA
NINETY-FIRST SESSION

S.F. No. 2429

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DATE
03/13/2019

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865 Introduction and first reading
Referred to Taxes

OFFICIAL STATUS

1.1 A bill for an act
1.2 relating to taxation; individual income and corporate franchise; allowing a tax
1.3 credit for certain mechanical insulation; amending Minnesota Statutes 2018, section
1.4 290.06, by adding a subdivision.

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

1.6 Section 1. Minnesota Statutes 2018, section 290.06, is amended by adding a subdivision
1.7 to read:

1.8 Subd. 39. Credit for installation of mechanical insulation. (a) A taxpayer is allowed
1.9 a credit against the tax imposed by subdivision 1 or 2c for mechanical insulation property
1.10 placed in service in this state in an amount equal to the lesser of the:

1.11 (1) applicable percentage of the cost of mechanical insulation property placed in service
1.12 in this state during the taxable year; or

1.13 (2) taxpayer's liability for tax for the taxable year.

1.14 (b) If the amount of the credit exceeds the limitation under paragraph (a), clause (2), the
1.15 excess may be carried forward and applied to the taxpayer's tax liability for the five taxable
1.16 years following the taxable year in which the property was placed in service. The entire
1.17 amount of the unused credit must be applied first to the earliest year for which there is a
1.18 tax liability. If there are credits for more than one year that are available to offset a liability,
1.19 the earlier credit must be applied first.

1.20 (c) For purposes of this subdivision:

1.21 (1) "applicable percentage" means the lesser of:

1.22 (i) 30 percent; or

2.1 (ii) the reduction in energy loss, expressed as a percentage, from the installed mechanical
2.2 insulation property compared with mechanical insulation property that meets or exceeds
2.3 the minimum ASHRAE standard;

2.4 (2) "ASHRAE" means the American Society of Heating, Refrigerating, and
2.5 Air-Conditioning Engineers;

2.6 (3) "minimum ASHRAE standard" means ASHRAE standard 90.1-2007, or the most
2.7 recently adopted ASHRAE standard applicable as of December 31 of the year the mechanical
2.8 insulation property was placed in service;

2.9 (4) "cost of mechanical insulation property" includes any amount paid or incurred to
2.10 acquire and install mechanical insulation property that meets or exceeds the minimum
2.11 ASHRAE standard;

2.12 (5) "mechanical insulation property" includes insulation materials, facings, and accessory
2.13 products used for thermal requirements for mechanical piping and equipment, hot and cold
2.14 applications, and heating, venting, and air conditioning applications; and

2.15 (6) "liability for tax" means liability for tax under subdivision 1 or 2c, as applicable,
2.16 after allowance of any other nonrefundable credit.

2.17 **EFFECTIVE DATE.** This section is effective for mechanical insulation property
2.18 installed after July 1, 2019, for taxable years beginning after December 31, 2018.