

State of Minnesota  
HOUSE OF REPRESENTATIVES

EIGHTY-EIGHTH SESSION

H. F. No. 1655

03/21/2013 Authored by Sanders

The bill was read for the first time and referred to the Committee on Taxes

1.1 A bill for an act  
1.2 relating to taxes; individual income; allowing a payroll tax credit; proposing  
1.3 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. **[290.0682] PAYROLL TAX CREDIT.**

1.6 Subdivision 1. **Credit allowed.** (a) An individual is allowed a credit against the tax  
1.7 due under this chapter equal to two percent of the lesser of (1) the individual's income  
1.8 subject to federal payroll taxes, or (2) \$46,000. In the case of a married couple filing a  
1.9 joint return, each spouse is allowed to claim the credit.

1.10 (b) For a nonresident or part-year resident, the credit must be allocated based on the  
1.11 percentage calculated under section 290.06, subdivision 2c, paragraph (e).

1.12 Subd. 2. **Definitions.** For purposes of this section, "income subject to federal  
1.13 payroll taxes" means:

1.14 (1) wages as defined in section 3121, paragraph (a), of the Internal Revenue Code plus

1.15 (2) self-employment income, as defined in section 1402, paragraph (b), of the  
1.16 Internal Revenue Code.

1.17 Subd. 3. **Credit refundable; appropriation.** (a) If the amount of credit which the  
1.18 individual is eligible to receive under this section exceeds the individual's tax liability  
1.19 under this chapter, the commissioner shall refund the excess to the individual.

1.20 (b) An amount sufficient to pay the refunds required by this section is appropriated  
1.21 to the commissioner from the general fund.

1.22 **EFFECTIVE DATE.** This section is effective for taxable years beginning after  
1.23 December 31, 2012.