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State of Minnesota

HOUSE OF REPRESENTATIVES H. F. No. 2081

A bill for an act

relating to taxation; income and corporate franchise; allowing simplified

NINETIETH SESSION

03/06/2017

1.1

1.2

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

1.3	2016, section 290.068, subdivision 2.
1.5	BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:
1.6	Section 1. Minnesota Statutes 2016, 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 must be calculated using Minnesota
1.23	sales or receipts under section 290.191 and the definitions contained in clauses (a) and (b)

1 Section 1.

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- shall apply. If there are inadequate records or the records are unavailable to compute or
- verify the base percentage, a fixed base percentage of 16 percent must be used.
- 2.3 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December

2.4 <u>31, 2016.</u>

Section 1. 2