

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

**S.F. No. 2196**

(SENATE AUTHORS: DRAHEIM)

DATE  
02/27/2023

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1142 Introduction and first reading  
Referred to Taxes

OFFICIAL STATUS

1.1 A bill for an act  
1.2 relating to taxation; income and corporate franchise; establishing a tax credit for  
1.3 employer-provided child care expenses; proposing coding for new law in Minnesota  
1.4 Statutes, chapter 290.

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

1.6 Section 1. **[290.0687] EMPLOYER-PROVIDED CHILD CARE CREDIT.**

1.7 Subdivision 1. **Definition.** (a) For the purposes of this section, the following term has  
1.8 the meaning given.

1.9 (b) "Employer" has the meaning given in section 290.92, clause (4).

1.10 Subd. 2. **Credit allowed.** (a) An employer is allowed a credit against the taxes imposed  
1.11 under this chapter equal to the amount of the credit claimed under section 45F of the Internal  
1.12 Revenue Code, except the credit under this section is limited to credits claimed based on  
1.13 qualified child care expenses or qualified child care resource and referral expenditures that  
1.14 were paid or incurred in Minnesota.

1.15 (b) For a taxpayer who claimed a credit under section 45F of the Internal Revenue Code  
1.16 based partly on expenses paid or incurred outside of Minnesota, the credit under this section  
1.17 equals the amount of the credit claimed federally that is attributable to expenses paid or  
1.18 incurred in Minnesota.

1.19 Subd. 3. **Partnerships.** Credits granted to a partnership, a limited liability company  
1.20 taxed as a partnership, or S corporation are passed through to the partners, members, or  
1.21 shareholders, respectively, pro rata to each partner, member, or shareholder based on their

2.1 share of the entity's assets or as specially allocated in their organizational documents or any  
2.2 other executed agreement, as of the last day of the taxable year.

2.3 Subd. 4. Carryover. If the amount of the credit under this section exceeds the taxpayer's  
2.4 liability for tax under this chapter, the excess is a credit carryover to each of the five  
2.5 succeeding taxable years. The entire amount of the excess unused credit for the taxable year  
2.6 must be carried first to the earliest of the taxable years to which the credit may be carried  
2.7 and then to each successive year to which the credit may be carried. The amount of the  
2.8 unused credit that may be added under this subdivision may not exceed the taxpayer's  
2.9 liability for tax, less any credit for the current taxable year.

2.10 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
2.11 31, 2022.