

State of Minnesota  
HOUSE OF REPRESENTATIVES

EIGHTY-NINTH SESSION

H. F. No. 2686

03/08/2016 Authored by Sanders

The bill was read for the first time and referred to the Committee on Job Growth and Energy Affordability Policy and Finance

1.1 A bill for an act  
1.2 relating to economic development; small business investment tax credit;  
1.3 modifying certain penalties; amending Minnesota Statutes 2014, section  
1.4 116J.8737, subdivision 6.

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

1.6 Section 1. Minnesota Statutes 2014, section 116J.8737, subdivision 6, is amended to  
1.7 read:

1.8 Subd. 6. **Annual reports.** (a) By February 1 of each year each qualified small  
1.9 business that received an investment that qualified for a credit, and each qualified investor  
1.10 and qualified fund that made an investment that qualified for a credit, must submit an  
1.11 annual report to the commissioner and pay a filing fee of \$100 as required under this  
1.12 subdivision. Each qualified investor and qualified fund must submit reports for three  
1.13 years following each year in which it made an investment that qualified for a credit, and  
1.14 each qualified small business must submit reports for five years following the year in  
1.15 which it received an investment qualifying for a credit. Reports must be made in the form  
1.16 required by the commissioner. All filing fees collected are deposited in the small business  
1.17 investment tax credit administration account in the special revenue fund.

1.18 (b) A report from a qualified small business must certify that the business satisfies  
1.19 the following requirements:

1.20 (1) the business has its headquarters in Minnesota;

1.21 (2) at least 51 percent of the business's employees are employed in Minnesota, and  
1.22 51 percent of the business's total payroll is paid or incurred in the state;

1.23 (3) that the business is engaged in, or is committed to engage in, innovation in  
1.24 Minnesota as defined under subdivision 2; and

2.1 (4) that the business meets the payroll requirements in subdivision 2, paragraph  
2.2 (c), clause (6).

2.3 (c) Reports from qualified investors must certify that the investor remains invested  
2.4 in the qualified small business as required by subdivision 5, paragraph (g).

2.5 (d) Reports from qualified funds must certify that the fund remains invested in the  
2.6 qualified small business as required by subdivision 5, paragraph (g).

2.7 (e) A qualified small business that ceases all operations and becomes insolvent  
2.8 must file a final annual report in the form required by the commissioner documenting  
2.9 its insolvency. In following years the business is exempt from the annual reporting  
2.10 requirement, the report filing fee, and the fine for failure to file a report.

2.11 (f) A qualified small business, qualified investor, or qualified fund that fails to file an  
2.12 annual report as required under this subdivision is subject to a ~~\$500~~ \$100 fine.

2.13 **EFFECTIVE DATE.** This section is effective the day following final enactment.