

SENATE
STATE OF MINNESOTA
EIGHTY-NINTH SESSION

S.F. No. 3608

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DATE	D-PG	OFFICIAL STATUS
05/09/2016	6850	Introduction and first reading Referred to Taxes

1.1 A bill for an act
 1.2 relating to taxation; income and corporate franchise; providing for temporary
 1.3 refundable solar investment tax credits; appropriating money.

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

1.5 Section 1. **SOLAR ENERGY INVESTMENT TAX CREDIT.**

1.6 Subdivision 1. **Definitions.** (a) For the purposes of this section, the following terms
 1.7 have the meanings given.

1.8 (b) "Commissioner" means the commissioner of revenue.

1.9 (c) "Corporate solar energy expenditure" means an expenditure during the taxable
 1.10 year by a corporation for energy property, but not to exceed \$1,000 for investor-owned
 1.11 utility customers, and not to exceed \$1,500 for municipal, public, and cooperatively
 1.12 owned utility customers.

1.13 (d) "Energy property" has the meaning given in the Internal Revenue Code, section
 1.14 48(3)(A)(i) and (ii).

1.15 (e) "Individual solar energy expenditure" means the sum of the following during the
 1.16 taxable year by an individual, but not to exceed \$500 for investor-owned utility customers,
 1.17 and not to exceed \$750 for municipal, public, and cooperatively owned utility customers:

1.18 (1) qualified solar electric property expenditures; and

1.19 (2) qualified solar water heating property expenditures.

1.20 (f) "Qualified solar electric property expenditure" has the meaning given in section
 1.21 25D of the Internal Revenue Code.

1.22 (g) "Qualified solar water heating property expenditure" has the meaning given in
 1.23 section 25D of the Internal Revenue Code.

2.1 Subd. 2. Credit allowed; limitations; application and allocation. (a) A taxpayer
2.2 is eligible to apply for a credit against the tax computed under Minnesota Statutes, chapter
2.3 290, for the taxable year equal to the amount of the taxpayer's individual solar energy
2.4 expenditure or corporate solar energy expenditure.

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

2.8 (c) The commissioner must not allocate more than \$2,500,000 in credits for the
2.9 taxable year beginning after December 31, 2015, and before January 1, 2017. Any portion
2.10 of a taxable year's credits that is not allocated by the commissioner cancels and may not be
2.11 carried forward to subsequent taxable years.

2.12 (d) Applications for tax credits must be made available on the Department of
2.13 Revenue's Web site by July 1, 2016, and the commissioner must begin accepting
2.14 applications by August 1, 2016. The commissioner must allocate tax credits to taxpayers
2.15 in the order that the tax credit request applications are filed. The commissioner must
2.16 approve or reject an application for tax credit within 15 days of receiving the application.
2.17 The expenditure specified in the application must be made prior to application, or within
2.18 60 days of the allocation of the credits, but in no case after December 31, 2016. If the
2.19 investment is not made within 60 days, the credit allocation is canceled and available for
2.20 reallocation. An applicant that fails to make an expenditure as specified in the application
2.21 within 60 days of allocation of the credits must notify the commissioner of the failure to
2.22 invest within five business days of the expiration of the 60-day expenditure period.

2.23 (e) All tax credit request applications filed with the commissioner on the same day
2.24 must be treated as having been filed contemporaneously. If two or more applicants file tax
2.25 credit request applications on the same day, and the aggregate amount of credit allocation
2.26 claims exceeds the aggregate limit of credits under paragraph (d) or the lesser amount of
2.27 credits that remain unallocated on that day, then the credits must be allocated among the
2.28 applicants who filed on that day on a pro rata basis with respect to the amounts claimed. The
2.29 pro rata allocation for any one applicant is the product obtained by multiplying the amount
2.30 of credits that remain unallocated on that day by a fraction, the numerator of which is the
2.31 amount of the credit allocation claim filed on behalf of an applicant and the denominator of
2.32 which is the total of all credit allocation claims filed on behalf of all applicants on that day.

2.33 (f) An applicant must notify the commissioner when an expenditure for which
2.34 credits were allocated has been made. After receiving notification that the expenditure
2.35 was made, the commissioner must issue credit certificates for the taxable year in which
2.36 the investment was made to the applicant.

3.1 Subd. 3. **Credit to be refundable.** If the amount of credit that a taxpayer is
3.2 allocated under this section exceeds the taxpayer's tax liability under Minnesota Statutes,
3.3 chapter 290, the commissioner shall refund the excess to the taxpayer.

3.4 Subd. 4. **Appropriation.** An amount sufficient to pay the refunds required by this
3.5 section is appropriated to the commissioner from the general fund.

3.6 **EFFECTIVE DATE.** This section is effective for taxable years beginning after
3.7 December 31, 2015, and before January 1, 2017.

3.8 Sec. 2. **COMMUNITY SOLAR GARDEN INVESTMENT TAX CREDIT.**

3.9 Subdivision 1. **Definitions.** (a) For the purposes of this section, the following terms
3.10 have the meanings given.

3.11 (b) "Commissioner" means the commissioner of revenue.

3.12 (c) "Community solar garden expenditure" means the subscription amount for the
3.13 purchase of electricity generated by a community solar garden program that qualifies
3.14 under Minnesota Statutes, section 216B.1641, for the taxable year, but not to exceed \$250.

3.15 Subd. 2. **Credit allowed; limitations; application and allocation.** (a) A taxpayer
3.16 is eligible to apply for a credit against the tax computed under Minnesota Statutes, chapter
3.17 290, for the taxable year equal to the amount of the taxpayer's community solar garden
3.18 expenditure.

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

3.22 (c) The commissioner must not allocate more than \$1,000,000 in credits for the
3.23 taxable year beginning after December 31, 2015, and before January 1, 2017. Any portion
3.24 of a taxable year's credits that is not allocated by the commissioner cancels and may not be
3.25 carried forward to subsequent taxable years.

3.26 (d) Applications for tax credits must be made available on the Department of
3.27 Revenue's Web site by July 1, 2016, and the commissioner must begin accepting
3.28 applications by August 1, 2016. The commissioner must allocate tax credits to taxpayers
3.29 in the order that the tax credit request applications are filed. The commissioner must
3.30 approve or reject an application for tax credit within 15 days of receiving the application.
3.31 The expenditure specified in the application must be made prior to application, or within
3.32 60 days of the allocation of the credits, but in no case after December 31, 2016. If the
3.33 investment is not made within 60 days, the credit allocation is canceled and available for
3.34 reallocation. An applicant who fails to make an expenditure as specified in the application

4.1 within 60 days of allocation of the credits must notify the commissioner of the failure to
4.2 invest within five business days of the expiration of the 60-day expenditure period.

4.3 (e) All tax credit request applications filed with the commissioner on the same day
4.4 must be treated as having been filed contemporaneously. If two or more applicants file tax
4.5 credit request applications on the same day, and the aggregate amount of credit allocation
4.6 claims exceeds the aggregate limit of credits under paragraph (d) or the lesser amount of
4.7 credits that remain unallocated on that day, then the credits must be allocated among the
4.8 applicants who filed on that day on a pro rata basis with respect to the amounts claimed. The
4.9 pro rata allocation for any one applicant is the product obtained by multiplying the amount
4.10 of credits that remain unallocated on that day by a fraction, the numerator of which is the
4.11 amount of the credit allocation claim filed on behalf of an applicant and the denominator of
4.12 which is the total of all credit allocation claims filed on behalf of all applicants on that day.

4.13 (f) An applicant must notify the commissioner when an expenditure for which
4.14 credits were allocated has been made. After receiving notification that the expenditure
4.15 was made, the commissioner must issue credit certificates for the taxable year in which
4.16 the investment was made to the applicant.

4.17 Subd. 3. **Credit to be refundable.** If the amount of credit that a taxpayer is
4.18 allocated under this section exceeds the taxpayer's tax liability under Minnesota Statutes,
4.19 chapter 290, the commissioner shall refund the excess to the taxpayer.

4.20 Subd. 4. **Appropriation.** An amount sufficient to pay the refunds required by this
4.21 section is appropriated to the commissioner from the general fund.

4.22 **EFFECTIVE DATE.** This section is effective for taxable years beginning after
4.23 December 31, 2015, and before January 1, 2017.

4.24 Sec. 3. **TAX CREDITS TO BE TRANSFERABLE.**

4.25 The commissioner of revenue, in developing the application for credits under
4.26 sections 1 and 2, shall establish a process for allowing the credits claimed to be
4.27 transferable from the applying taxpayer to another taxpayer. Credits transferred under this
4.28 program must be applied to offset liability for tax under Minnesota Statutes, chapter 290,
4.29 for the taxable year beginning after December 31, 2015, and before January 1, 2017, and
4.30 may not be carried forward to any other taxable year.

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