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State of Minnesota
HOUSE OF REPRESENTATIVES

EIGHTY-NINTH SESSION

H. F. No. 1335

03/02/2015 Authored by Kiel

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 taxation; energy; allowing income tax credits for renewable energy
1.3 production and energy investment; providing for rulemaking; proposing coding
1.4 for new law in Minnesota Statutes, chapter 290.

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

1.6 Section 1. **[290.0682] RENEWABLE ENERGY PRODUCTION AND ENERGY**
1.7 **INVESTMENT CREDITS.**

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

1.10 (b) "Biodiesel fuel" has the meaning given in section 239.77, subdivision 1.

1.11 (c) "Qualified energy resources" means electricity or biodiesel fuel produced at a
1.12 qualified facility through an open-loop biomass process that meets the requirements of
1.13 section 45(c)(3) of the Internal Revenue Code.

1.14 (d) "Qualified facility" means a facility that is located in Minnesota, produces
1.15 qualified energy resources, and meets the requirements of section 45(d)(2)(A)(i) or (ii)
1.16 of the Internal Revenue Code, except that the facility must be placed into service before
1.17 January 1, 2017.

1.18 Subd. 2. **Production credit; limitation; allocation.** (a) A taxpayer with a qualified
1.19 facility is entitled to a credit against the tax imposed under this chapter.

1.20 (b) The tax credit equals 75 percent of the federal credit amount computed under
1.21 section 45 of the Internal Revenue Code, without regard to whether the credit in section 45
1.22 of the Internal Revenue Code is in effect for the taxable year. The credit may not exceed
1.23 the taxpayer's liability for tax under this chapter.

2.1 (c) Tax credits earned by a partnership, a limited liability company, an S-corporation,
2.2 or other pass-through entity may be allocated to the partners, members, or shareholders of
2.3 the entity for their direct use in accordance with the provisions of any agreement among
2.4 the partners, members, or shareholders.

2.5 (d) A taxpayer may claim the credit under this subdivision for no more than ten
2.6 taxable years for a qualified facility.

2.7 Subd. 3. **Energy investment credit; limitation; allocation.** (a) A taxpayer with a
2.8 qualified facility is entitled to a credit against the tax imposed under this chapter.

2.9 (b) The tax credit equals 75 percent of the federal credit amount computed under
2.10 section 48 of the Internal Revenue Code, as if the qualified facility is energy property
2.11 under item (a)(3) of section 48 of the Internal Revenue Code, without regard to whether
2.12 the credit in section 48 of the Internal Revenue Code is in effect for the taxable year, and
2.13 reduced by all other federal nonrefundable credits, other than the minimum tax credit. The
2.14 credit may not exceed the taxpayer's liability for tax under this chapter.

2.15 (c) Tax credits earned by a partnership, a limited liability company, an S-corporation,
2.16 or other pass-through entity may be allocated to the partners, members, or shareholders of
2.17 the entity for their direct use in accordance with the provisions of any agreement among
2.18 the partners, members, or shareholders.

2.19 (d) No credit may be claimed under this subdivision for the taxable year or any
2.20 subsequent taxable year if the taxpayer receives a grant, publicly subsidized loan, or
2.21 any other public assistance for the property from the federal government, a state, or any
2.22 political subdivision of a state.

2.23 Subd. 4. **Carryover.** If the amount of the credit determined under subdivision 2 or 3
2.24 for any taxable year exceeds the taxpayer's liability for tax, the excess shall be a credit
2.25 carryover to each of the 15 succeeding taxable years. The entire amount of the excess
2.26 unused credit for the taxable year shall be carried first to the earliest of the taxable years to
2.27 which the credit may be carried. The amount of the unused credit which may be added
2.28 under this subdivision shall not exceed the taxpayer's liability for tax, less the credits
2.29 allowed under this section for the taxable year.

2.30 Subd. 5. **Credit assignment.** (a) The recipient of a credit under subdivision 2 or
2.31 3 may assign the credit to another taxpayer who is then allowed the credit under this
2.32 section. An assignment is not valid unless the assignee notifies the commissioner within
2.33 30 days of the date that the assignment is made. The commissioner shall prescribe the
2.34 forms necessary for notifying the commissioner of the assignment of a credit and for
2.35 claiming a credit by assignment.

3.1 (b) Credits passed through to partners, members, shareholders, or owners pursuant
3.2 to subdivision 2 or 3 are not an assignment of a credit under this subdivision.

3.3 Subd. 6. **Disclosure of information.** Taxpayers applying for a credit under
3.4 subdivision 2 or 3 must submit to the commissioner the information necessary to
3.5 determine the limitations provided under sections 45 and 48 of the Internal Revenue Code.

3.6 Subd. 7. **Rulemaking.** The commissioner may adopt rules to implement this
3.7 section. Rules adopted must be, to the greatest extent possible, compatible with applicable
3.8 credits under sections 45 and 48 of the Internal Revenue Code.

3.9 **EFFECTIVE DATE.** This section is effective for taxable years beginning after
3.10 December 31, 2015.