

SENATE
STATE OF MINNESOTA
NINETY-SECOND SESSION

S.F. No. 1935

(SENATE AUTHORS: HOUSLEY and Franzen)

DATE	D-PG	OFFICIAL STATUS
03/10/2021	802	Introduction and first reading
		Referred to Jobs and Economic Growth Finance and Policy
03/15/2021	919	Author added Franzen
03/18/2021		Comm report: To pass as amended and re-refer to Taxes

1.1 A bill for an act

1.2 relating to economic development; establishing save our stages grants; providing

1.3 tax relief for entertainment venues; appropriating money.

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

1.5 Section 1. **SAVE OUR STAGES GRANTS.**

1.6 Subdivision 1. **Entertainment events defined.** For the purposes of this section,

1.7 "entertainment events" means any onstage production that is held in a venue that has a

1.8 defined performance and audience space, or is temporarily built to accommodate

1.9 performances, and also includes activities such as booking and paying performers, marketing

1.10 specific acts through gig listings or advertising, collection of tickets or door cover charges,

1.11 and hiring of crew.

1.12 Subd. 2. **Eligible businesses.** (a) A Minnesota-registered business in good standing or

1.13 Minnesota-registered nonprofit in good standing that is directly engaged in the procurement,

1.14 promotion, production or presentation of live entertainment events to an in-person audience

1.15 is eligible to receive a grant under this section if the business:

1.16 (1) met the following revenue requirements:

1.17 (i) derived at least 33 percent of the business's 2019 revenue from the sale of tickets for

1.18 live events; or

1.19 (ii) is directly reliant on ticketed live entertainment events but is not directly in receipt

1.20 of those ticket revenues because the event is free to the general public and the revenue is

1.21 derived from avenues other than ticket sales;

(2) employed no more than 60 full-time equivalent employees, defined as an employee who worked on average 30 hours of service per week or 130 hours of service per month;

(3) was restricted from operating above 25 percent capacity or 250 attendees, whichever is less, pursuant to an executive order issued during a peacetime emergency declared regarding the infectious disease known as COVID-19;

(4) does not have any current tax delinquency with the Department of Revenue at the time of application; and

(5) has its principal place of business in Minnesota.

(b) The following entities are ineligible for grants under this section:

(1) bars, restaurants, and other facilities whose primary source of revenue is not entertainment events;

(2) multinational or publicly owned companies; and

(3) adult entertainment operations.

Subd. 3. Grant amounts; application procedure. (a) The commissioner of employment and economic development may award grants to eligible businesses of up to \$500,000, or 25 percent of the businesses' gross revenue for 2019, whichever is less. The commissioner may develop criteria, forms, applications, and reporting requirements for use by applicants.

(b) Businesses may not receive more than one grant under this subdivision.

Subd. 4. Eligible use of grant money. Grant proceeds may be used for business operations, payroll, rent or mortgage, utilities, and other business-related expenses including those necessary to comply with social distancing requirements such as HVAC systems, plexiglass barriers, and other health and safety equipment required to operate safely.

Subd. 5. License fee refund. In addition to a grant under subdivision 3, a Minnesota-registered business in good standing or Minnesota-registered nonprofit in good standing that is directly engaged in the procurement, promotion, production, or presentation of live entertainment events to an in-person audience may apply to the commissioner of employment and economic development for reimbursement of any on-sale intoxicating liquor license fee paid to a city, county, or state agency in 2020 under Minnesota Statutes, chapter 340A. The commissioner of employment and economic development shall refund the license fees paid to any eligible business upon a showing that the license fees were paid in 2020 and the business was restricted from operating above 25 percent capacity or 250

3.1 attendees, whichever is less, pursuant to an executive order issued during a peacetime
3.2 emergency declared regarding the infectious disease known as COVID-19.

3.3 Subd. 6. **Discretionary grants allowed.** Notwithstanding the requirements of this section,
3.4 the commissioner may authorize a grant to a business under subdivision 3 if the commissioner
3.5 determines that the business has substantially met the requirements of this section, but was
3.6 a new entertainment venue that had planned on opening in 2020 but was unable to begin
3.7 operations based solely on the fact that COVID-19-related closures prevented the business
3.8 from doing so. The business shall submit, on a form required by the commissioner, any
3.9 documentation the commissioner deems necessary to determine whether the business applies
3.10 for a discretionary grant under this subdivision.

3.11 Subd. 7. **Appropriation.** \$..... in fiscal year 2021 is appropriated from the general fund
3.12 to the commissioner of employment and economic development for the save our stages
3.13 grants under this section.

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

3.15 Sec. 2. **LIVE ENTERTAINMENT VENUE PROPERTY TAX RELIEF.**

3.16 Subdivision 1. **Property tax credit.** (a) The owner of a business defined under section
3.17 1, subdivision 2, is eligible to receive a property tax credit under this section. The credit is
3.18 equal to percent of the total amount of property taxes paid on the property of the eligible
3.19 business in the prior year.

3.20 (b) If the amount of the credit the owner is entitled to receive under this section exceeds
3.21 the owner's property tax liability under Minnesota Statutes, chapter 275, the commissioner
3.22 of revenue shall refund the excess amount to the owner.

3.23 (c) An amount necessary to pay the claims for the refund provided in this section is
3.24 appropriated from the general fund to the commissioner of revenue.

3.25 Subd. 2. **Application.** To qualify for the property tax credit in subdivision 1, the owner
3.26 of an eligible business must file an application with the commissioner of revenue. The owner
3.27 must certify the amount of the credit to the commissioner. The commissioner must prescribe
3.28 the form and manner to certify and apply for the credit.

3.29 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning
3.30 after December 31, 2019, and before January 1, 2022.

4.1 Sec. 3. **DEFINITIONS; REQUIREMENTS FOR TAX RELIEF.**

4.2 Subdivision 1. Definitions. (a) For purposes of this section and sections 4 and 5, the
4.3 following terms have the meanings given them.

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

4.5 (c) "Eligible business" has the meaning given under section 1, subdivision 2.

4.6 (d) "Eligible grant" means any contribution by any governmental entity or civic group
4.7 that is includible in gross income.

4.8 (e) "Entertainment events" has the meaning given under section 1, subdivision 1.

4.9 (f) "Subtraction" has the meaning given in Minnesota Statutes, section 290.0132.

4.10 Subd. 2. Requirements for eligible businesses to claim relief. To claim relief under
4.11 sections 4 and 5, an eligible business must:

4.12 (1) meet at least one of the following revenue requirements:

4.13 (i) the business must have derived at least 33 percent of its 2019 revenue from the sale
4.14 of tickets for live events; or

4.15 (ii) the business must be directly reliant on ticketed live entertainment events but is not
4.16 directly in receipt of those ticket revenues because the event is free to the general public
4.17 and the revenue is derived from avenues other than ticket sales;

4.18 (2) have employed no more than 60 full-time equivalent employees, defined as an
4.19 employee who worked on average 30 hours of service per week or 130 hours of service per
4.20 month;

4.21 (3) have been restricted from operating above 25 percent capacity or 250 attendees,
4.22 whichever is less, pursuant to an executive order issued during a peacetime emergency
4.23 declared regarding the infectious disease known as COVID-19;

4.24 (4) not have any current tax delinquency with the Department of Revenue at the time
4.25 of application for tax relief or refund under sections 4 and 5; and

4.26 (5) have its principal place of business in Minnesota.

4.27 Sec. 4. **TEMPORARY INCOME TAX SUBTRACTION FOR GRANTS INCLUDED**
4.28 **IN GROSS INCOME.**

4.29 Subdivision 1. Eligible grants excluded from income. For taxable years beginning
4.30 after December 31, 2019, and before January 1, 2022, an eligible business is allowed a

5.1 subtraction equal to the amount of eligible grants received during the taxable year to the
5.2 extent the grants were included in gross income.

5.3 Subd. 2. **Administration; refund; appropriation.** The commissioner shall prescribe
5.4 the form and manner in which a taxpayer may file a return, or an amended return if necessary,
5.5 and claim a refund of additional taxes paid based on the inclusion of eligible grants, exempted
5.6 under subdivision 1, in the taxpayer's gross income.

5.7 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning
5.8 after December 31, 2019, and before January 1, 2022.

5.9 Sec. 5. **SALES TAX EXEMPTION FOR ENTERTAINMENT EVENTS; REFUNDS**
5.10 **FOR TAXES PAID.**

5.11 Subdivision 1. **Sales tax exemption.** For sales and purchases made after December 31,
5.12 2019, and before January 1, 2021, the sale of the privilege of admission under Minnesota
5.13 Statutes, section 297A.61, subdivision 3, paragraph (g), clause (1), to a place of amusement
5.14 does not include consideration paid for tickets or admissions to entertainment events, if the
5.15 consideration is paid directly to an eligible business, and the sale and purchase of tickets or
5.16 admissions is exempt.

5.17 Subd. 2. **Sales tax refunds.** For sales and purchases made after December 31, 2019, and
5.18 before July 1, 2021, the commissioner shall prescribe the form and manner in which a
5.19 taxpayer may claim a refund for sales taxes collected and remitted on sales and purchases
5.20 that were exempt under subdivision 1.

5.21 **EFFECTIVE DATE.** This section is effective retroactively from January 1, 2020.

5.22 Sec. 6. **APPROPRIATION FOR REFUNDS.**

5.23 The amount necessary to pay the refunds allowed in sections 4 and 5 is appropriated to
5.24 the commissioner of revenue from the general fund.

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