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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETY-FOURTH SESSION

H. F. No. 2221

03/12/2025 Authored by Joy
The bill was read for the first time and referred to the Committee on Taxes

- 1.1 A bill for an act
- 1.2 relating to taxation; individual income; corporate franchise; allowing a credit for
- 1.3 local advertising expenses; amending Minnesota Statutes 2024, sections 290.0131,
- 1.4 by adding a subdivision; 290.0133, by adding a subdivision; proposing coding for
- 1.5 new law in Minnesota Statutes, chapter 290.
- 1.6 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:
- 1.7 Section 1. Minnesota Statutes 2024, section 290.0131, is amended by adding a subdivision
- 1.8 to read:
- 1.9 Subd. 21. **Advertising expenses.** The amount of qualifying local media advertising
- 1.10 expenses used to claim the credit under section 290.0696 is an addition.
- 1.11 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
- 1.12 31, 2024.
- 1.13 Sec. 2. Minnesota Statutes 2024, section 290.0133, is amended by adding a subdivision
- 1.14 to read:
- 1.15 Subd. 16. **Advertising expenses.** The amount of qualifying local media advertising
- 1.16 expenses used to claim the credit under section 290.0696 is an addition.
- 1.17 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
- 1.18 31, 2024.
- 1.19 Sec. 3. **[290.0696] CREDIT FOR ADVERTISING IN LOCAL MEDIA.**
- 1.20 Subdivision 1. **Definitions.** (a) For purposes of this section, the following terms have
- 1.21 the meanings given.

2.1 (b) "Applicable percentage" means 80 percent for a taxable year described in subdivision
2.2 2, paragraph (b), and 50 percent for a taxable year described in subdivision 2, paragraph
2.3 (c).

2.4 (c) "Qualified publisher" means a publisher that:

2.5 (1) is not an organization described in paragraph (4), (5), or (6) of section 501(c) of the
2.6 Internal Revenue Code;

2.7 (2) is not a political organization, as defined in section 527(e) of the Internal Revenue
2.8 Code;

2.9 (3) is not any organization controlled by one or more organizations described in clause
2.10 (1) or (2);

2.11 (4) is not any organization that received more than \$100,000 in the aggregate from
2.12 organizations described in clauses (1) to (3) in a taxable year; or

2.13 (5) does not meet the requirements under clauses (1) to (4) for any period beginning one
2.14 year before the date of enactment of this section and the date on which a qualifying local
2.15 media advertising expense is paid or incurred.

2.16 (d) "Local news journalist" means any individual who regularly gathers, prepares,
2.17 produces, collects, edits, photographs, records, directs the recording of, writes, presents, or
2.18 reports news or information that concerns local events or other matter of local public interest.

2.19 (e) "Local newspaper" means any print or digital publication if:

2.20 (1) the primary content of the publication is original content derived from primary sources
2.21 and relating to news and current events in Minnesota;

2.22 (2) the publication primarily serves the needs of a regional or local community in this
2.23 state;

2.24 (3) the publisher of the publication:

2.25 (i) employs at least one full-time local news journalist who resides in the regional or
2.26 local community;

2.27 (ii) employs not more than 750 employees, of which greater than half are employed in
2.28 Minnesota; and

2.29 (iii) is a qualified publisher.

2.30 (f) "Qualifying local media advertising expenses" means any trade or business expense
2.31 deductible under section 162 of the Internal Revenue Code for:

3.1 (1) advertising in a local newspaper; or

3.2 (2) advertising on any broadcast radio or television station licensed by the Federal
3.3 Communications Commission to serve a local community.

3.4 For purposes of this paragraph, "advertising" includes sponsorships.

3.5 (g) "Qualifying taxpayer" means a taxpayer employing an average of less than 50 full-time
3.6 employees a taxable year, as determined under section 4980H(c)(2) of the Internal Revenue
3.7 Code.

3.8 Subd. 2. **Credit allowed.** (a) A qualifying taxpayer is allowed a credit against the tax
3.9 due under this chapter equal to the applicable percentage of the qualifying local media
3.10 advertising expenses paid by the qualifying taxpayer in a taxable year.

3.11 (b) For taxable years beginning after December 31, 2024, and before January 1, 2026,
3.12 the amount of the credit allowed under paragraph (a) must not exceed \$5,000.

3.13 (c) For taxable years beginning after December 31, 2025, the amount of the credit allowed
3.14 under paragraph (a) must not exceed \$2,500.

3.15 Subd. 3. **Limitation; carryover.** The credit must not exceed the liability for tax under
3.16 this chapter. If the amount of the credit allowed exceeds the liability for tax of the taxpayer,
3.17 the excess is a local advertising credit carryover to each of the five succeeding taxable years.
3.18 The entire amount of the excess unused credit for the taxable year must be carried first to
3.19 the earliest of the taxable years to which the credit may be carried and then to each successive
3.20 year to which the credit may be carried. The amount of the unused credit that may be added
3.21 under this clause must not exceed the taxpayer's liability for tax under this chapter less the
3.22 local advertising credit for the taxable year.

3.23 Subd. 4. **Partnerships; multiple owners.** Credits granted to a partnership, a limited
3.24 liability company taxed as a partnership, or an S corporation are passed through to the
3.25 partners, members, or shareholders, respectively, pro rata to each partner, member, or
3.26 shareholder based on their share of the entity's assets or as specially allocated in their
3.27 organizational documents or any other executed agreement, as of the last day of the taxable
3.28 year.

3.29 Subd. 5. **Expiration.** The credit under this subdivision expires January 1, 2029, for
3.30 taxable years beginning after December 31, 2028.

3.31 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
3.32 31, 2024.