

SENATE
STATE OF MINNESOTA
NINETY-FIRST SESSION

S.F. No. 300

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DATE	D-PG	OFFICIAL STATUS
01/22/2019	125	Introduction and first reading
		Referred to Veterans and Military Affairs Finance and Policy
02/18/2019		Comm report: To pass as amended and re-refer to Taxes

1.1 A bill for an act

1.2 relating to military veterans; providing a military veterans jobs tax credit; proposing

1.3 coding for new law in Minnesota Statutes, chapter 290.

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

1.5 Section 1. **[290.0693] VETERANS JOBS TAX CREDIT.**

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

1.7 the meanings given.

1.8 (b)(1) "Qualified employee" means an employee as defined in section 290.92, subdivision

1.9 1, who meets the following criteria:

1.10 (i) the employee is a resident of Minnesota on the date of hire;

1.11 (ii) the employee is paid wages as defined in section 290.92, subdivision 1; and

1.12 (iii) the employee's wages are attributable to Minnesota under section 290.191,

1.13 subdivision 12;

1.14 (2) "Qualified employee" does not include:

1.15 (i) any employee who bears any of the relationships to the employer described in

1.16 subparagraphs (A) to (G) of section 152(d)(2) of the Internal Revenue Code;

1.17 (ii) if the employer is a corporation, an employee who owns, directly or indirectly, more

1.18 than 50 percent in value of the outstanding stock of the corporation, or if the employer is

1.19 an entity other than a corporation, an employee who owns, directly or indirectly, more than

1.20 50 percent of the capital and profits interests in the entity, as determined with the application

1.21 of section 267(c) of the Internal Revenue Code; or

2.1 (iii) if the employer is an estate or trust, any employee who is a fiduciary of the estate
2.2 or trust, or is an individual who bears any of the relationships described in subparagraphs
2.3 (A) to (G) of section 152(d)(2) of the Internal Revenue Code to a grantor, beneficiary, or
2.4 fiduciary of the estate or trust.

2.5 (c) "Qualified employer" means an employer that hired a disabled veteran or an
2.6 unemployed veteran.

2.7 (d) "Disabled veteran" means a veteran who has had a compensable service-connected
2.8 disability as adjudicated by the United States Veterans Administration.

2.9 (e) "Unemployed veteran" means a veteran who:

2.10 (1) received unemployment compensation under state or federal law at any time during
2.11 the one-year period prior to the date of hire; and

2.12 (2) was unemployed on the date of hire.

2.13 (f) "Veteran" has the meaning given in section 197.447.

2.14 (g) "Date of hire" means the day that the qualified employee begins performing services
2.15 as an employee of the qualified employer.

2.16 Subd. 2. **Credit for hiring certain veterans.** (a) A qualified employer who is required
2.17 to file a return under section 289A.08, subdivision 1, 2, or 3, is allowed a credit against the
2.18 tax imposed by this chapter as determined under paragraphs (b) to (d).

2.19 (b) For hiring a disabled veteran as a qualified employee, the credit equals ten percent
2.20 of the wages paid to the qualified employee during the taxable year, but the amount of the
2.21 credit shall not exceed \$3,000.

2.22 (c) For hiring an unemployed veteran as a qualified employee, the credit equals ten
2.23 percent of the wages paid to the qualified employee during the taxable year, but the amount
2.24 of the credit shall not exceed \$1,500.

2.25 (d) The credit is limited to the liability for tax under this chapter for the taxable year.

2.26 (e) A qualified employer may claim only one of the credits authorized under this
2.27 subdivision upon hiring a disabled veteran or an unemployed veteran.

2.28 (f) A qualified employer may not claim a credit under this subdivision for hiring a
2.29 disabled veteran or an unemployed veteran as a qualified employee if the qualified employer
2.30 currently employs or has previously employed the disabled veteran or unemployed veteran.

3.1 Subd. 3. **Flow-through entities.** Credits granted to a partnership, limited liability
3.2 company taxed as a partnership, S corporation, or multiple owners of a business are passed
3.3 through to the partners, members, shareholders, or owners, respectively, pro rata to each
3.4 partner, member, shareholder, or owner based on their share of the entity's assets or as
3.5 specially allocated in their organizational documents, as of the last day of the taxable year.

3.6 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
3.7 31, 2018.