

**SENATE
STATE OF MINNESOTA
NINETY-SECOND SESSION**

S.F. No. 2064

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DATE
03/15/2021

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907 Introduction and first reading
Referred to Taxes

OFFICIAL STATUS

1.1 A bill for an act
1.2 relating to taxation; income and corporate franchise; providing a credit to brewers,
1.3 liquor retailers, and wholesalers for certain unsalable product and purchases of
1.4 certain equipment.

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

1.6 Section 1. **TEMPORARY TAX CREDIT FOR CERTAIN BREWERS, LIQUOR**
1.7 **RETAILERS, AND WHOLESALERS.**

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

1.10 (b) "Closure or limited capacity" means:

1.11 (1) closed to ingress, egress, use, and occupancy by members of the public by Executive
1.12 Order 20-04, as extended, amended, and otherwise modified by any related executive order;
1.13 or

1.14 (2) subject to the requirements and limitations, including operating at reduced capacity,
1.15 of Executive Order 20-74, as extended, amended, and otherwise modified by any related
1.16 executive order.

1.17 (c) "COVID-19 regulation equipment" means any equipment that supports compliance
1.18 with limited capacity requirements, physical distancing, or with the Centers for Disease
1.19 Control and Prevention and the Minnesota Department of Health guidance on physical
1.20 distancing, to slow or prevent the spread of COVID-19, including but not limited to
1.21 subscriptions to reservation software to ensure limited capacity and physical distancing;
1.22 UV light upgrades to HVAC systems and similar enhanced ventilation safeguards; and tents,

2.1 umbrellas, and additional equipment to expand and make use of both outdoor and indoor
2.2 space.

2.3 (d) "Liquor spoilage" means:

2.4 (1) for a qualified brewer, the dollar amount of product purchased back from a liquor
2.5 wholesaler or liquor retailer, and the dollar amount of any product disposed of as unsalable,
2.6 due to closure or limited capacity;

2.7 (2) for a qualified retailer, the dollar amount of product returned without reimbursement
2.8 to a liquor wholesaler or manufacturer, and the dollar amount of any product disposed of
2.9 as unsalable, due to closure or limited capacity; and

2.10 (3) for a qualified wholesaler, the dollar amount of product purchased back from liquor
2.11 retailer, the dollar amount of product returned without reimbursement to a manufacturer,
2.12 and the dollar amount of any product disposed of as unsalable, due to closure or limited
2.13 capacity.

2.14 (e) "Protective equipment" means any item necessary to support compliance with the
2.15 Centers for Disease Control and Prevention and the Minnesota Department of Health
2.16 guidance on sanitation and personal protective equipment and physical distancing to slow
2.17 or prevent the spread of COVID-19, including but not limited to personal protective
2.18 equipment, including gloves, masks, and face shields; hygiene, sanitation, and cleaning
2.19 supplies; and items purchased to comply with limited capacity restrictions such as screening,
2.20 furniture, signs, and floor markings to enhance physical distancing.

2.21 (f) "Qualified brewer" means a brewer licensed under Minnesota Statutes, section
2.22 340A.301, subdivision 6, clauses (c), (d), (i), and (j).

2.23 (g) "Qualified retailer" means any on-sale liquor licensee under Minnesota Statutes,
2.24 chapter 340A, that was subject to closure or limited capacity.

2.25 (h) "Qualified wholesaler" means a wholesaler as defined in Minnesota Statutes, section
2.26 340A.101, subdivision 28.

2.27 (i) Except as otherwise provided in this subdivision, the definitions in Minnesota Statutes,
2.28 chapter 340A, apply to this section.

2.29 Subd. 2. **Credit allowed.** (a) A qualified brewer, qualified retailer, and qualified
2.30 wholesaler are allowed a credit, as calculated under paragraphs (b) and (c), against the tax
2.31 imposed under Minnesota Statutes, chapter 290. The credit must be claimed in a manner
2.32 prescribed by the commissioner of revenue.

3.1 (b) A qualified brewer, qualified retailer, or qualified wholesaler may take a credit equal
3.2 to the amount of liquor spoilage in the taxable year.

3.3 (c) A qualified brewer and a qualified retailer may take a credit equal to the amount of
3.4 the qualified brewer's or qualified retailer's purchases of protective equipment and COVID-19
3.5 regulation equipment in the taxable year.

3.6 (d) The amounts used to calculate the credit under this section may not be used to
3.7 calculate any other credit or subtraction under Minnesota Statutes, chapter 290.

3.8 Subd. 3. **Partnerships; multiple owners.** Credits granted to a partnership, a limited
3.9 liability company taxed as a partnership, an S corporation, or multiple owners of property
3.10 are passed through to the partners, members, shareholders, or owners, respectively, pro rata
3.11 to each partner, member, shareholder, or owner based on their share of the entity's assets
3.12 or as specially allocated in their organizational documents or any other executed agreement,
3.13 as of the last day of the taxable year.

3.14 Subd. 4. **Credit refundable; appropriation; administration.** (a) If a taxpayer's total
3.15 credit under this section exceeds the taxpayer's liability for tax under Minnesota Statutes,
3.16 chapter 290, the commissioner must refund the excess to the taxpayer. The amount necessary
3.17 to pay the refunds under this section is appropriated to the commissioner of revenue from
3.18 the general fund.

3.19 (b) The administrative provisions of Minnesota Statutes, chapters 270C, 289A, and 290,
3.20 apply to the credit under this section.

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