

SENATE  
STATE OF MINNESOTA  
NINETY-SECOND SESSION

S.F. No. 68

(SENATE AUTHORS: OSMEK and Duckworth)

DATE	D-PG	OFFICIAL STATUS
01/14/2021	90	Introduction and first reading Referred to Taxes
01/25/2021	165	Author added Duckworth

1.1 A bill for an act

1.2 relating to taxation; income and corporate franchise; providing a credit for certain

1.3 businesses required to operate at reduced capacity.

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

1.5 Section 1. **TEMPORARY TAX CREDIT FOR BUSINESSES REQUIRED TO CLOSE**

1.6 **OR OPERATE AT REDUCED CAPACITY.**

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

1.8 the meanings given them.

1.9 (b) "Average annual reduced capacity" means a taxpayer's average monthly reduced

1.10 capacity, multiplied by the taxpayer's executive order impact quotient.

1.11 (c) "Average monthly reduced capacity" means the sum of a taxpayer's lowest level of

1.12 reduced capacity effective during each month operating at reduced capacity, expressed as

1.13 a percent reduction from 100 percent, divided by total number of months the taxpayer is

1.14 subject to an executive order that requires the taxpayer to operate at reduced capacity.

1.15 (d) "Executive order" means any statement issued pursuant to Minnesota Statutes, section

1.16 12.21 or 12.31.

1.17 (e) "Executive order impact quotient" means the total number of whole or partial months

1.18 during the year, rounded up and expressed as a whole number, that a taxpayer is subject to

1.19 an executive order that requires the taxpayer to operate at reduced capacity, divided by 12.

1.20 (f) "Qualifying taxpayer" means a taxpayer whose business:

2.1 (1) is a place of public accommodation that was closed to ingress, egress, use, and  
2.2 occupancy by members of the public by Executive Order No. 20-04, as extended, amended,  
2.3 and otherwise modified by any related executive order; and

2.4 (2) is a place of public accommodation that was subject to the requirements and  
2.5 limitations, including operating at reduced capacity, by Executive Order No. 20-74, as  
2.6 extended, amended, and otherwise modified by any related executive order.

2.7 (g) "Reduced capacity" means a limitation of occupancy required by executive order  
2.8 not to exceed some percent of the normal occupant capacity as determined by the fire  
2.9 marshal, including complete closure, or a maximum number of people allowed in a single  
2.10 self-contained space.

2.11 Subd. 2. **Credit allowed.** (a) A qualifying taxpayer is allowed a credit, as calculated  
2.12 under paragraph (b), against the tax imposed under Minnesota Statutes, chapter 290. The  
2.13 credit must be claimed in a manner prescribed by the commissioner of revenue.

2.14 (b) A taxpayer's credit equals the taxpayer's tax liability, calculated without regard to  
2.15 this section, multiplied by the taxpayer's annual average reduced capacity.

2.16 (c) Taxpayers claiming the credit under this section must certify to the commissioner  
2.17 of revenue the taxpayer's average annual reduced capacity, average monthly reduced capacity,  
2.18 and executive order impact quotient.

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

2.25 Subd. 4. **Limitation.** The credit must not exceed the taxpayer's liability for tax. If the  
2.26 amount of the credit allowed exceeds the taxpayer's liability for tax, the excess amount is  
2.27 canceled and is not allowed as a credit carryover.

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