

# HOUSE RESEARCH

## Bill Summary

**FILE NUMBER:** H.F. 9

**DATE:** February 28, 2007

**Version:** First engrossment

**Authors:** Juhnke and others

**Subject:** Dairy investment tax credit

**Analyst:** Colbey Sullivan, 651-296-5047  
Nina Manzi, 651-296-5204  
Joel Michael, 651-296-5057

This publication can be made available in alternative formats upon request. Please call 651-296-6753 (voice); or the Minnesota State Relay Service at 1-800-627-3529 (TTY) for assistance. Summaries are also available on our website at: [www.house.mn/hrd](http://www.house.mn/hrd).

---

### Overview

Provides a onetime credit of up to \$50,000 for expenditures made to modernize dairy animal operations in Minnesota. The credit equals 10 percent of expenditures made in tax years 2007 through 2012.

#### Section

- 1 Dairy investment credit.** Allows a dairy investment credit against individual income and corporate franchise taxes. The credit equals 10 percent of the first \$500,000 of qualifying expenditures for the acquisition/construction/improvement of buildings or facilities, the development of pasture, and the acquisition of certain equipment if related to dairy animals in Minnesota. Qualifying equipment includes: barns; fences; watering facilities; feed storage and handling equipment; scales; milking, robotic, and milk storage equipment; manure management facilities including digesters and energy production equipment; on-farm dairy processing equipment and refrigerated delivery trucks.

The credit is nonrefundable and may only be used to offset liability. Unused credit amounts may be carried forward for up to 15 tax years.

A taxpayer may claim the credit for expenditures made between December 31, 2006, and January 1, 2013. The maximum credit is \$50,000; this maximum applies to entities such as partnerships and S corporations as well as to individual taxpayers.

- 2 Livestock investment account.** Creates a limited availability credit in tax year 2007 for qualifying expenditures related to raising livestock. This credit is available on a first-come, first-served basis for persons pre-approved by the Department of Agriculture. The

nonrefundable credit is limited to 10 percent of the first \$100,000 of qualifying investments made in 2007 and unused credit amount may be taken in later tax years. Qualifying livestock operations include those raising cattle, horses, swine, sheep and goats.