

HOUSE RESEARCH

Bill Summary

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Subject: Rural Minnesota Catch-Up Credit

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Overview

Establishes an income tax credit program to encourage the creation of qualifying jobs in specified industries within counties outside the metropolitan area that meet requirements regarding population size or job growth history.

Section

1 Rural economic growth credit.

Subd. 1. Credit name. States that credit shall be known as the Rural Minnesota Catch-Up Credit.

Subd. 2. Definitions. Defines "eligible county" as a county outside the metro area that experienced net job growth of less than 15.6 percent from 1994 to 2004, or that had a population less than 25,000 in 2000. Defines "qualifying job" as a job that pays at least \$12 per hour (or \$10 per hour with health insurance benefits) and is in an industry that produces goods or services that bring wealth into an eligible county. Excludes jobs for which the employer receives a JOBZ jobs credit or a rural job creation grant.

Subd. 3. Credit allowed. Allows a tax credit of \$4,000 per year for three years and \$3,000 in the fourth year per qualifying job created.

Section

Subd. 4. Qualification; application. Establishes qualifications for eligibility for tax credit. Requires that a taxpayer create a new qualifying job within an eligible county within 12 months of being awarded the credit. Requires a taxpayer seeking a credit to apply to an eligible county at least 60 days before an award date (March 15 and September 15). County boards are to select applicants to be awarded credits based upon criteria established by the commissioner of revenue. Establishes factors to be included in establishing criteria.

Subd. 5. Limitation; carryforward. Limits total credits to a maximum of \$150,000 per eligible county over two years; allows eligible counties to carryforward unawarded credit amounts for one year. Credits may be claimed for the year following the year in which the job is created and each year in which the job remains in existence up to four years or \$15,000 per job. Amounts of forfeited credits are available to the county to be awarded again.

Subd. 6. Credit refundable. Makes this a refundable credit, and appropriates funds.

Subd. 7. Manner of claiming. Requires the commissioner of revenue to determine the manner in which the credit may be issued and claimed.

Subd. 8. Report. Requires the commissioner of revenue to report on the credit program to the legislature by February 15, 2009.

Subd. 9. Expiration. States that this section expires for taxable years beginning after December 31, 2011.

Makes this section effective January 1, 2008.