

# HOUSE RESEARCH

## Bill Summary

**FILE NUMBER:** H.F. 475 **DATE:** March 12, 2009  
**Version:** As introduced  
**Authors:** Winkler and others  
**Subject:** Insurance premium credit for investments in Minnesota small business companies  
**Analyst:** Joel Michael, joel.michael@house.mn

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

This bill proposes a credit against the insurance premiums tax for insurance companies that invest in Minnesota small business investment companies. These businesses must be certified by the commissioner of the Department of Employment and Economic Development (DEED) as meeting the requirements of the law. Qualifying businesses must have their headquarters and 60 percent of their employees in Minnesota. When certified by DEED, they must have no more than 100 employees and cannot be engaged in a list of types of businesses, such as providing professional services, banking, real estate development, insurance, oil and gas exploration, gambling, or lending money to affiliates.

The credit equals 80 percent of the qualifying investment. It is limited to the amount of the premiums tax. Qualifying for the credit also exempts the insurance company for the retaliatory tax equal to the credit. The bill caps the total credits at \$160 million. The credits are allowed beginning for investments made in tax year 2010, but could not be claimed until the time period outside of the budget

window. The table below shows the schedule for allowing the credits.

Tax Year	% of Credit Allowed
2013	20%
2014	20%
2015	20%
2016	20%