

# HOUSE RESEARCH

## Bill Summary

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**Subject:** Increased angel credit for greater Minnesota businesses

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### Overview

This bill increases the angel investment credit percentage from 25 percent to 50 percent for investments in qualified businesses that have their headquarters and over half of their employees and payroll in greater Minnesota. Effective following final enactment beginning in tax year 2012.

- 1** **Definitions.** Defines "qualified greater Minnesota business" as those certified by the Department of Employment and Economic Development (DEED) under the criteria in section 2.
- 2** **Certification of qualified businesses.** Authorizes businesses to apply for and the commissioner of DEED to certify qualified greater Minnesota businesses. "Greater Minnesota" is defined as the portion of the state outside the seven-county metro area, but includes the entire area of cities that are partly in the seven-county metro area, and partly in other counties (Hanover, New Prague, Northfield, and Rockford). Requires a business to have its headquarters and at least 51 percent of its employees and payroll in greater Minnesota to qualify as a greater Minnesota business.
- 3** **Credit allowed.** Increases the credit rate from 25 percent to 50 percent for investments in qualified greater Minnesota businesses.
- 4** **Revocation of credits.** Makes a conforming change so that credits based on investments in qualified greater Minnesota businesses that fail to meet the employment and payroll requirements during the five years following the investment are revoked. These are the same revocation provisions that apply to investments in businesses under present law.