

HOUSE RESEARCH

Bill Summary

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Section

- 1 **Title.** Names the new law the Minnesota New Markets Jobs Act.
- 2 **Definitions.** Provides definitions.
- 3 **Credit established.** Provides an insurance premium tax credit to entities making a qualified equity investment. A qualified equity investment is a qualified low income community investment in qualified active low-income community businesses in the state. Unused tax credits may be carried forward to subsequent tax years.
- 4 **Transferability.** Credits are not refundable or saleable on the open markets. A participating investor may transfer credits to an affiliated insurance company if prior written notice is given to the department. Tax credits earned may be allocated to partners, members or shareholders of an entity.
- 5 **Certification of qualified equity investments.** Entities pursuing credits must make application to the department beginning January 1, 2015. Provides for certification by the department of a proposed equity investment as a qualifying investment eligible for tax credits. A total of \$250,000,000 in qualified equity investments may be certified by the department. Investments are certified in the order they are received by the department. Within 60 days of notice of certification, a qualified community development entity must receive cash in the amount of the certified amount and provide a receipt to the department for the cash investment within ten days of its receipt. If a qualified community development entity does not receive the cash investment and issue the qualified equity investment within 60 days of receipt of the certification notice, the certification lapses.

Section

- 6** **Disallowance of tax credits and penalties.** Authorizes the department to disallow the use of any tax credit earned as a result of holding a qualified equity investment under certain circumstances.
- 7** **Notice of noncompliance.** Provides a six month period during which a qualified community development entity may “cure” the noncompliance.
- 8** **Refundable performance fee.** Provides for payment to the department of a refundable performance fee for deposit in the new markets performance guarantee account.
- 9** **Preapproval of investments.** Allows a qualified community development entity to request a written determination from the department that the proposed investment will qualify as an investment eligible for a credit.
- 10** **Use of proceeds prohibited.** Prohibits a qualified active low-income community business that received a qualifying investment from using the investment proceeds to lend or invest in an entity where the proceeds of the investment are used to fund or refinance the purchase of a qualified equity investment.
- 11** **Effective date.** Effective the day following final enactment for premium tax returns originally due on or after that date.