

# HOUSE RESEARCH

## Bill Summary

**FILE NUMBER:** H.F. 125  
**Version:** As introduced

**DATE:** February 13, 2015

**Authors:** Dettmer and others

**Subject:** Income tax credit for employers who hire disabled, unemployed, or 9-11 veterans

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### Overview

Provides employers with a nonrefundable income tax credit for hiring qualified veterans. The credit equals ten percent of the wages paid to the veteran, and the maximum credit is \$3,000 for each disabled veteran hired, \$1,500 for each unemployed veteran hired, and \$500 for each 9-11 veteran hired.

#### Section

##### **1 Veterans jobs tax credit.**

**Subd. 1. Definitions.** Defines terms used in determining the veterans jobs credit.

“Qualified employee” excludes individuals who are not Minnesota residents on the date of hire, or who own a controlling interest in the company for which they are employed, or who are immediate family members of the business owner(s).

“Qualified employer” means an employer who hires a disabled, unemployed, or 9-11 veteran.

“Disabled veteran” is a veteran with a compensable service-connected disability as determined by the U.S. Veterans Administration or any branch of the military.

“Unemployed veteran” is a veteran who has received unemployment compensation at any time within one year preceding the date of hire and who was unemployed when hired.

“9-11 veteran” is a veteran who was in active service in combat zone, qualified hazardous duty area, or area eligible for combat zone tax benefits due to its role as a supporting area for a combat zone, at any time on or after September 11, 2001.

## Section

“Veteran” has the meaning given in section 197.447.

“Date of hire” means the date on which the veteran begins working for the employer.

**Subd. 2. Credit for hiring certain veterans.** Allows a qualified employer who is otherwise required to file an individual or corporate franchise tax to claim a credit for each disabled, unemployed, or 9-11 veteran hired during the taxable year.

The credit equals ten percent of wages paid to a veteran during the taxable year, up to a maximum of:

- \$3,000 for a disabled veteran;
- \$1,500 for an unemployed veteran;
- \$500 for a 9-11 veteran.

Disallows the credit if the employer currently employs or has previously employed the veteran.

**Subd. 3. Flow-through entities.** Provides for credits paid to employers that are organized as flow-through entities (partnerships, S corporations, and the like) to be passed through to the individual owners based on their pro rata shares of the business or as specified in the entity’s organizational documents.

**Effective Date:** Tax year 2015.