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## **S.F. No. 2865 – Conforming to federal tax treatment of shuttered venue operator grants (as proposed to be amended by the A-1 amendment)**

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Shuttered venue operator grants were first enacted in the COVID-related Tax Relief Act of 2020 in the Consolidated Appropriations Act in December, 2020. Grants were available to live venue operators or promoters; theatrical producers; live performing arts organization operators; museum operators; zoos and aquariums; motion picture theater operators; and talent representatives. A business must have been fully operational as of February 29, 2020, and must have experienced a reduction of at least 25% in gross earned revenue during at least one quarter of 2020 compared to the same quarter of 2019. Businesses that were not operational in 2019 were eligible to receive grants in certain circumstances. Other eligibility requirements applied, such as the number of employees and location of venues. Grant funds were limited to specific uses, including wages, rent, mortgage obligations, utilities, and maintenance and administrative costs. The American Rescue Plan Act, enacted in March 2021, funded an additional amount of grants.

The COVID-Related Tax Relief Act excluded shuttered venue operator grants from gross income and allowed recipients to deduct business expenses paid for by the grants. This bill conforms to that federal treatment, so that the grants and deductions for eligible expenses paid with grant funds would be excluded from the calculation of Minnesota income and corporate franchise tax.

Effective retroactively to tax year 2020.