

SENATE  
STATE OF MINNESOTA  
NINETY-SECOND SESSION

S.F. No. 3334

(SENATE AUTHORS: NELSON, Rest and Pratt)

DATE  
02/21/2022

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5080 Introduction and first reading  
Referred to Taxes

OFFICIAL STATUS

1.1 A bill for an act  
1.2 relating to taxation; income and corporate franchise; establishing a workforce  
1.3 training credit; proposing coding for new law in Minnesota Statutes, chapter 290.

1.4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.5 Section 1. 290.0693 **WORKFORCE TRAINING CREDIT.**

1.6 Subdivision 1. Definitions. (a) For the purposes of this section, the following terms have  
1.7 the meanings given.

1.8 (b) "Eligible training expenses" means direct costs of training paid by an employer to  
1.9 train an employee, including tuition or fees paid for instruction, instructor salaries, materials,  
1.10 supplies, and textbooks but excluding costs associated with renting or otherwise securing  
1.11 space. Training activities may be provided by the employer directly, by contract with a third  
1.12 party, or by a postsecondary or other educational institution.

1.13 Subd. 2. Credit allowed. An employer is allowed a credit against the tax due under this  
1.14 chapter equal to 50 percent of eligible training expenses, but is limited to \$1,000 of eligible  
1.15 training expenses per full-time employee per taxable year. The credit is additionally limited  
1.16 to \$200,000 per qualified employer. The credit may not exceed the liability for tax under  
1.17 this chapter.

1.18 Subd. 3. Pass-through entities. Credits allowed to a partnership, a limited liability  
1.19 company taxed as a partnership, or an S corporation are passed through pro rata to the  
1.20 partners, members, or shareholders to each partner, member, or shareholder based on their  
1.21 share of the entity's income for the taxable year.

2.1 Subd. 4. **Ten year carryover.** If the amount of the credit determined under this section  
2.2 for any taxable year exceeds a taxpayer's liability for tax, the excess shall be a research  
2.3 credit carryover to each of the ten succeeding taxable years. The entire amount of the excess  
2.4 unused credit for the taxable year shall be carried first to the earliest of the taxable years to  
2.5 which the credit may be carried and then to each successive year to which the credit may  
2.6 be carried. The amount of the unused credit which may be added under this clause shall not  
2.7 exceed the taxpayer's liability for tax less the workforce training credit for the taxable year.

2.8 Subd. 5. **Sunset.** This section expires for taxable years beginning after December 31,  
2.9 2029, except any carryover credits earned in taxable years prior to this section's expiration  
2.10 may be used in accordance with subdivision 4.

2.11 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
2.12 31, 2021.

2.13 **Sec. 2. TAX EXPENDITURE PURPOSE STATEMENT.**

2.14 (a) This section is intended to fulfill the requirements in Minnesota Statutes, section  
2.15 3.192, paragraph (a).

2.16 (b) The purpose of the workforce training credit in section 1 is to encourage greater  
2.17 private sector investment in innovative workforce training that will attract employees into  
2.18 the workforce and increase their skills and productivity. The standard against which the  
2.19 effectiveness of the credit may be measured is the rate at which credit recipients were able  
2.20 to attract and retain workers.