

S.F. No. 3334 – Credit for employer-provided training expenses (as proposed to be amended by the A-3 amendment)

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Date: March 2, 2022

Sections 1 and 2. Workforce training expenses. Requires taxpayers to add back expenses used to claim the credit in section 3 that were also used to reduce federal adjusted gross income. Effective beginning in tax year 2022.

Section 3. Workforce training credit.

Subd. 1. Definitions. Defines “eligible training expenses” for purposes of the credit allowed under subdivision 2. Eligible training expenses are costs of training paid by an employer on behalf of an employee whose duties are performed in Minnesota and include: tuition or fees paid for instruction, instructor salaries, materials, supplies, and textbooks. The training may be provided by the employer directly, by a third party, or by a postsecondary or other educational institution. Costs associated with renting or otherwise securing space are not eligible expenses.

Subd. 2. Credit allowed. Allows a nonrefundable credit equal to 50% of eligible training expenses, up to \$750 per employee per taxable year, paid by an employer. The credit is limited to \$100,000 per employer per taxable year.

Subd. 3. Pass-through entities. Provides that credits allowed to a pass-through entity are passed through to partners, members, or shareholders according to their share of the entity’s income for the taxable year.

Subd. 4. Ten year carryover. Allows the credit to be carried forward for up to ten years. The entire amount of the unused credit must first be carried to the earliest possible taxable year.

Effective beginning in tax year 2022.

Section 4. Tax expenditure purpose statement. States the purpose of the credit and the standard against which the effectiveness of the credit may be measured.