

**SENATE**  
**STATE OF MINNESOTA**  
**NINETY-FOURTH SESSION**

**S.F. No. 2115**

(SENATE AUTHORS: CLARK, Weber, Dibble, Nelson and Rest)

DATE  
03/03/2025

D-PG  
619 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; allowing for second assignment  
 1.3 of the historic structure rehabilitation credit; modifying requirements for issuing  
 1.4 allocation certificates; amending Minnesota Statutes 2024, section 290.0681,  
 1.5 subdivisions 3, 4.

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

1.7 Section 1. Minnesota Statutes 2024, section 290.0681, subdivision 3, is amended to read:

1.8 Subd. 3. **Applications; allocations.** (a) To qualify for a credit or grant under this section,  
 1.9 the developer of a project must apply to the office before the rehabilitation begins. The  
 1.10 application must contain the information and be in the form prescribed by the office. The  
 1.11 office may collect a fee for application of up to 0.5 percent of qualified rehabilitation  
 1.12 expenditures, up to \$40,000, based on estimated qualified rehabilitation expenditures, to  
 1.13 offset costs associated with personnel and administrative expenses related to administering  
 1.14 the credit and preparing the economic impact report in subdivision 9. Application fees are  
 1.15 deposited in the account. The application must indicate if the application is for a credit or  
 1.16 a grant in lieu of the credit or a combination of the two and designate the taxpayer qualifying  
 1.17 for the credit or the recipient of the grant.

1.18 (b) Upon approving an application for credit, the office shall issue allocation certificates  
 1.19 that:

1.20 (1) verify eligibility for the credit or grant;

1.21 (2) state the amount of credit or grant anticipated with the project, with the credit amount  
 1.22 equal to 100 percent and the grant amount equal to 90 percent of the federal credit anticipated  
 1.23 in the application;

(3) state that the credit or grant allowed may increase or decrease if the federal credit the project receives at the time it is placed in service is different than the amount anticipated at the time the allocation certificate is issued; and

(4) state the fiscal year in which the credit or grant is allocated, and that the taxpayer or grant recipient is entitled to receive one-fifth of the total amount of either the credit or the grant at the time the project is placed in service, ~~provided that date is within three calendar years following the issuance of the allocation certificate.~~

(c) The office, in consultation with the commissioner, shall determine if the project is eligible for a credit or a grant under this section and must notify the developer in writing of its determination. Eligibility for the credit is subject to review and audit by the commissioner.

(d) The federal credit recapture and repayment requirements under section 50 of the Internal Revenue Code do not apply to the credit allowed under this section.

(e) Any decision of the office under paragraph (c) may be challenged as a contested case under chapter 14. The contested case proceeding must be initiated within 45 days of the date of written notification by the office.

**EFFECTIVE DATE.** This section is effective for applications for allocation certificates submitted after June 30, 2025.

Sec. 2. Minnesota Statutes 2024, section 290.0681, subdivision 4, is amended to read:

Subd. 4. **Credit certificates; grants.** (a)(1) The developer of a project for which the office has issued an allocation certificate must notify the office when the project is placed in service. Upon verifying that the project has been placed in service, and was allowed a federal credit, the office must issue a credit certificate to the taxpayer designated in the application or must issue a grant to the recipient designated in the application. The credit certificate must state the amount of the credit.

(2) The credit amount equals the federal credit allowed for the project.

(3) The grant amount equals 90 percent of the federal credit allowed for the project.

(b) The recipient of a credit certificate may assign the certificate to another taxpayer before the first ~~one-fifth~~ payment is claimed, which is then allowed the credit under this section or section 297I.20, subdivision 3. Before the payment is claimed but after the first assignment, the first assignee may assign the credit certificate in whole to a second assignee. An assignment is not valid unless the assignee notifies the commissioner within 30 days of

3.1 the date that the assignment is made. The commissioner shall prescribe the forms necessary  
3.2 for notifying the commissioner of the assignment of a credit certificate and for claiming a  
3.3 credit by assignment. The original credit certificate recipient and each assignee must file a  
3.4 return with the commissioner for the taxable year that the project is placed in service.

3.5 (c) Credits passed through to partners, members, shareholders, or owners pursuant to  
3.6 subdivision 5 are not an assignment of a credit certificate under this subdivision.

3.7 (d) A grant agreement between the office and the recipient of a grant may allow the  
3.8 grant to be issued to another individual or entity.

3.9 **EFFECTIVE DATE.** This section is effective for applications for allocation certificates  
3.10 submitted after June 30, 2025.