



S.F. No. 2879 – Modifications to the small business (“angel”) investment credit

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Section 1. Certification of qualified small businesses. Under current law, a small business eligible for a qualified investment must not previously have received private equity investments of more than \$4 million. This section increases the threshold to \$15 million.

Section 2. Credit allowed. Under current law, 50 percent of the annual credit allocation amount must be set aside for businesses located in greater Minnesota and minority-owned, women-owned, and veteran-owned businesses, as those terms are defined in statute. Any portion of this amount that is not allocated by September 30 of the taxable year is then made available for all other credit applications. This section allows for businesses that qualified at any time as a greater Minnesota business, or minority-owned, women-owned, or veteran-owned business to be eligible for the 50 percent set-aside every year that a credit allocation is available.

Increases from three to five years the amount of time that the qualified investor must hold the investment in a qualified small business, which consists of the calendar year the investment was made and the four following years.

Increases and extends the credit allocation from \$5 million (for tax year 2024) to \$10 million for tax years 2025 to 2028.

Section 3. Revocation of credits. Increases the qualified investment holding period from three to five years for purposes of the commissioner of DEED’s authority to revoke the credit.

Section 4. Report to legislature. Strikes obsolete language regarding the annual report on the credit submitted to the legislature. Modifies the requirement that the report must include the number of credits no longer subject to the holding period from three to five years due to exemptions allowed under the statute.

All sections are effective for taxable years beginning after December 31, 2024.



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