

# HOUSE RESEARCH

## Bill Summary

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**Version:** As Introduced

**Authors:** Bills

**Subject:** Veterans; Income tax credit established for employers of veterans returning from military deployment

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### Overview

This bill creates a refundable income tax credit for Minnesota businesses that have reemployed at any time during the year an eligible employee who has recently returned from military deployment.

An *eligible employee* is a member of the National Guard or Reserves who;

- 1) had been working for a Minnesota business with fewer than 100 employees or had been self-employed;
- 2) was ordered into federal active service (under Title 10 U.S.C.) for 90 days or more;
- 3) who discharged other-than-dishonorably from that service; and
- 4) was subsequently rehired by his or her former civilian employer or has returned to person's former self-employment in a manner that fully complies with federal USERRA law (*i.e.*, the *federal Uniformed Services Employment and Reemployment Rights Act*).

The credit would be for the amount of \$10,000 per eligible employee, and would be *refundable* - *i.e.*, the full amount would be payable to an eligible employer or self-employed individual irrespective of the employer or individual's tax liability in that year. The commissioner of revenue would administer the credit, and would have the option of doing so either through income tax reporting, or a separate application.

For the employer to claim the credit, the eligible employee would need to sign off attesting to the employee's satisfactory return to the civilian employment.

Note: Under USERRA, an employee returning to employment must do so in a timely manner. An employee has up to 90 days to return to employment following discharge from a deployment longer than 6-months, but must do so within 14-days following discharge from a deployment of 31 to 180 days, and must do so within the second day of discharge following a deployment of 30-days or less.

An employee who is hospitalized for or convalescing from a service-connected illness or injury has up to two years in which to return to employment.

**1 Military employment credit.**

**Subd. 1. Credit allowed.** \$10,000 for each eligible employee who returns to employment during the taxable year, and for each self-employed individual who returns to active management of his or her business following deployment.

**Subd. 2. Definitions.** Defines *eligible employee* and *employer*, excluding any governmental entity. Also defines *USERRA*, the federal law prescribing various employment rights for service members following federal active service.

**Subd. 3. Credit declared refundable.** If the credit for which an employer or self-employed individual is eligible exceeds the taxpayer's liability, the excess is paid as a refund.

**Subd. 4. Appropriation provided.** An appropriation *sufficient to pay the refunds required under this bill* is appropriated from the State General Fund to the commissioner of revenue.

**Subd. 5. Credit revocable.** Authorizes a revocation and mandatory repayment of the credit for any violation of USERRA law by the employer.

**Subd. 6. Manner of claiming.** Directs the commissioner of revenue to administer the program, while authorizing the commissioner to determine the method for doing so, whether through the income tax return or through a separate application process.

Requires that an employer claiming the credit must include the signature of the eligible employee testifying to the employee's satisfactory return to employment with the employer

**Effective date.** For taxable year 2011 and thereafter.