

HOUSE RESEARCH

Bill Summary

FILE NUMBER: H.F. 533
Version: As introduced

DATE: March 1, 2013

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Subject: Business income tax credit for employers who hire certain veterans

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Overview

Provides employers with a nonrefundable income tax credit for hiring qualified veterans. The maximum credit is \$3,000 for each disabled veteran hired, \$1,500 for each unemployed veteran hired, and \$1,500 for each underemployed veteran.

Section

1 Veterans jobs tax credit.

Subd. 1. Definitions. Defines terms used in determining the veterans credit.

“**Qualified employee**” excludes individuals who are not Minnesota residents on the date of hire, or who owns a controlling interest in the company for which they are employed, or who are immediate family members of the business owner(s).

“**Qualified employer**” means an employer who hires a veteran, including disabled and unemployed veterans, as well as other veterans.

“**Disabled veteran**” is a veteran with a service connected disability rating from the USVA.

“**Unemployed veteran**” is a veteran who has received unemployment compensation at any time within two years preceding the date of hire and who was unemployed when hired.

“**Underemployed veteran**” is a veteran who is working part-time but is seeking full-time employment, or is working full-time but at a poverty rate of pay.

“**Veteran**” has the meaning given in section 197.447.

Section

“**Date of hire**” means the date on which the veteran begins working for the employer.

Subd. 2. Credit allowed. Allows a qualified employer to claim a credit for each veteran hired during the taxable year.

Subd. 3. Credit amount. The credit equals ten percent of wages paid to a veteran, up to a maximum of:

- ▶ \$3,000 for a disabled veteran
- ▶ \$1,500 for an unemployed veteran
- ▶ \$1,500 for an underemployed veteran

Disallows the credit if the employer currently employs or has previously employed the veteran.

Subd. 4. Flow-through entities. Provides for credits paid to employers that are organized as flow-through entities (partnerships, S corporations, and the like) to be passed through to the individual owners based on their pro rata shares of the business or as specified in the entity’s organizational documents.

Effective date. Effective beginning in tax year 2013.