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State of Minnesota
HOUSE OF REPRESENTATIVES

EIGHTY-FIFTH
SESSION

HOUSE FILE No. **431**

January 29, 2007

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The bill was read for the first time and referred to the Committee on Taxes

1.1 A bill for an act
1.2 relating to taxation; extending the income tax credit for transit passes to nonprofit
1.3 organizations; appropriating money; amending Minnesota Statutes 2006, section
1.4 290.06, subdivision 28.

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

1.6 Section 1. Minnesota Statutes 2006, section 290.06, subdivision 28, is amended to read:

1.7 Subd. 28. **Credit Credits and refunds for transit passes.** (a) A taxpayer may
1.8 take a credit against the tax due under this chapter equal to 30 percent of the expense
1.9 incurred by the taxpayer to provide transit passes, for use in Minnesota, to employees of
1.10 the taxpayer. As used in this subdivision, "transit pass" has the meaning given in section
1.11 132(f)(5)(A) of the Internal Revenue Code. If the taxpayer purchases the transit passes
1.12 from the transit system operator, and resells them to the employees, the credit is based on
1.13 the amount of the difference between the price paid for the passes by the employer and
1.14 the amount charged to employees.

1.15 (b) An employer that is exempt from taxation under section 290.05, but excluding
1.16 entities enumerated in section 290.05, subdivision 1, clause (b), may claim a refund equal
1.17 to 30 percent of an expense incurred by the employer to provide transit passes to the
1.18 employer's employees for use in Minnesota.

1.19 (c) The commissioner shall prescribe the forms for and the manner in which the
1.20 refund may be claimed. The commissioner must provide for paying refunds at least
1.21 quarterly. The commissioner may set a minimum amount of qualifying expenses that must
1.22 be incurred before a refund may be claimed.

1.23 (d) An amount sufficient to pay the refunds required by this subdivision is
1.24 appropriated from the general fund to the commissioner of revenue.

- 2.1 **EFFECTIVE DATE.** This section is effective for transit passes purchased after
- 2.2 June 30, 2007.