

State of Minnesota

H. F. No. **173**

(1) for taxpayers not subject to clause (2), the base amount as defined in section 41(c) of the Internal Revenue Code, except that the average annual gross receipts and aggregate gross receipts must be calculated using Minnesota sales or receipts under section 290.191 and the definitions contained in paragraphs (a) and (b) shall apply; or

(2) for a taxpayer with an alternative simplified credit election in place under subdivision 2a for the taxable year, 50 percent of the average qualified Minnesota research expenses for the three taxable years preceding the taxable year for which the credit is being determined.

(d) "Liability for tax" means the sum of the tax imposed under section 290.06, subdivisions 1 and 2c, for the taxable year reduced by the sum of the nonrefundable credits allowed under this chapter, on all of the entities required to be included on the combined report of the unitary business.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2024.

Sec. 2. Minnesota Statutes 2024, section 290.068, is amended by adding a subdivision to read:

Subd. 2a. Alternative simplified credit election. (a) A corporation, partnership, or other taxpayer qualifying for a credit under this section may elect, not later than the time of filing the return for the taxable year, including all extensions, to calculate its base amount under subdivision 2, paragraph (c), clause (2), for the taxable year. An election made under this subdivision for a taxable year is irrevocable for that taxable year.

(b) For a partnership, the election must be made by the partnership on the partnership return or other form, as required by the commissioner, and applies to all of its partners.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2024.