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State of Minnesota
HOUSE OF REPRESENTATIVES

EIGHTY-NINTH SESSION

H. F. No. 2989

03/14/2016 Authored by Loon; Davids; Atkins; Anderson, S., and Hoppe
The bill was read for the first time and referred to the Committee on Commerce and Regulatory Reform

1.1 A bill for an act
1.2 relating to taxation; individual income; modifying certification requirements for
1.3 qualified small business investors; amending Minnesota Statutes 2014, section
1.4 116J.8737, subdivision 3.

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

1.6 Section 1. Minnesota Statutes 2014, section 116J.8737, subdivision 3, is amended to
1.7 read:

1.8 Subd. 3. **Certification of qualified investors.** (a) Investors may apply to the
1.9 commissioner for certification as a qualified investor for a taxable year. The application
1.10 must be in the form and be made under the procedures specified by the commissioner,
1.11 accompanied by an application fee of \$350. Application fees are deposited in the small
1.12 business investment tax credit administration account in the special revenue fund. The
1.13 application for certification for 2010 must be made available on the department's Web
1.14 site by August 1, 2010. Applications for subsequent years' certification must be made
1.15 available on the department's Web site by November 1 of the preceding year.

1.16 (b) Within 30 days of receiving an application for certification under this subdivision,
1.17 the commissioner must either certify the investor as satisfying the conditions required
1.18 of a qualified investor, request additional information from the investor, or reject the
1.19 application for certification. If the commissioner requests additional information from the
1.20 investor, the commissioner must either certify the investor or reject the application within
1.21 30 days of receiving the additional information. If the commissioner neither certifies the
1.22 investor nor rejects the application within 30 days of receiving the original application or
1.23 within 30 days of receiving the additional information requested, whichever is later, then

2.1 the application is deemed rejected, and the commissioner must refund the \$350 application
2.2 fee. An investor who applies for certification and is rejected may reapply.

2.3 (c) To receive certification, an investor must (1) be a natural person; and (2) certify
2.4 to the commissioner that the investor will only invest in a transaction that is exempt under
2.5 section 80A.46, clause (13) or (14), in a security exempt under section 80A.461, or in a
2.6 security registered under section 80A.50, paragraph (b).

2.7 (d) In order for a qualified investment in a qualified small business to be eligible
2.8 for tax credits, a qualified investor who makes the investment must have applied for
2.9 and received certification for the calendar year prior to making the qualified investment,
2.10 except in the case of an investor who is not an accredited investor, within the meaning of
2.11 Regulation D of the Securities and Exchange Commission, Code of Federal Regulations,
2.12 title 17, section 230.501, paragraph (a), application for certification may be made within
2.13 30 days after making the qualified investment.

2.14 **EFFECTIVE DATE.** This section is effective for taxable years beginning after
2.15 December 31, 2015.