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State of Minnesota
HOUSE OF REPRESENTATIVES

EIGHTY-FIFTH
SESSION

HOUSE FILE No. **1643**

March 5, 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; providing a tax credit to certain scrap metal dealers;
1.3 proposing coding for new law in Minnesota Statutes, chapter 290.
1.4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.5 Section 1. **[290.0681] SCRAP METAL DEALER CREDIT.**

1.6 Subdivision 1. Credit allowed. A scrap metal dealer as defined in section 325E.21
1.7 is allowed a credit against the income or franchise tax computed under section 290.06,
1.8 subdivision 1 or 2c, as applicable, for the taxable year equal to percent of qualifying
1.9 expenditures.

1.10 Subd. 2. Qualifying expenditures. "Qualifying expenditures" means the
1.11 acquisition costs associated with the purchase or acquisition of automated reporting
1.12 computer hardware and software and video surveillance equipment, as required under
1.13 section 325E.21.

1.14 Subd. 3. Limitation; carryover. (a) The credit for the taxable year shall not exceed
1.15 the liability for tax. For purposes of this section, "liability for tax" means the tax imposed
1.16 under this chapter for the taxable year reduced by the sum of the nonrefundable credits
1.17 allowed under this chapter.

1.18 (b) If the amount of the credit determined under this section for any taxable year
1.19 exceeds the limitation under paragraph (a), the excess shall be a replacement credit
1.20 carryover to each of the succeeding taxable years. The entire amount of the excess
1.21 unused credit for the taxable year shall be carried first to the earliest of the taxable years to
1.22 which the credit may be carried and then to each successive year to which the credit may
1.23 be carried. The amount of the unused credit which may be added under this paragraph
1.24 shall not exceed the taxpayer's liability for tax less the credit allowed for the taxable year.

- 2.1 **EFFECTIVE DATE.** This section is effective only if 2007 H.F. No. 457 or 2007
- 2.2 S.F. No. 443 is enacted during the 2007 regular legislative session.