

2024 INDIVIDUAL INCOME AND CORPORATE FRANCHISE TAXES LEGISLATIVE BULLETIN



Appeals, Legal Services, and Disclosure Division
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8/21/24 FINAL

Explore Minnesota Film. Minn. Stat. § 116U.255 was created to establish the office of Explore Minnesota Film. It authorizes the director of Explore Minnesota Film, appointed by the director of Explore Minnesota, to administer the film production credit program. Effective July 1, 2024. 2024 Minn. Laws, Ch. 120, Art. 2, § 2.

Film Production Credit. Minn. Stat. § 116U.27, subs. 1, 4, and 5, were amended to replace the commissioner of employment and economic development with the director of Explore Minnesota Film as the administrator of the film production credit program.

Minn. Stat. § 116U.27, subd. 6, was amended to require the commissioner of revenue to transfer funds for costs associated with administering the film production credit program to Explore Minnesota rather than the Department of Employment and Economic Development. Effective July 1, 2024. 2024 Minn. Laws, Ch. 120, Art. 2, §§ 4-7.

Electric-assisted bicycle. Minn. Stat. § 169.011, subd. 27 was amended and subd. 45a was added, to modify the definition of “electric-assisted bicycle” to include multiple mode electric-assisted bicycles and to clarify vehicles that are designed, manufactured, or intended by the manufacturer or seller to be configured or modified to not meet the class requirements are not electric-assisted bicycles. Effective July 1, 2024. 2024 Minn. Laws, Ch. 127, Art. 3, §§ 40-41.

Misclassification of employees. Minn. Stat. § 181.722 was amended to read that failure of a person to classify, represent, treat, or report an individual as an employee, or failure to disclose to any person or government agency an individual who is the person’s employee as an employee in accordance with any applicable local, state, or federal law will result in penalties. Penalties will result in compensatory damages to the individual misclassified and can include penalties of up to \$10,000 per individual misclassified or each violation. Effective July 1, 2024. 2024 Minn. Laws, Ch. 127, Art. 10 § 7.

Misclassification of construction employees. Minn. Stat. § 181.723, was amended to provide a new definition of independent contractor and clarifying that a person providing building construction or improvement services for an employer in the regular course of the employer’s business is considered an employee for purposes of the construction codes, licensing chapter and certain labor laws. This presumption can be rebutted if all the requirements under subdivision 4

are met. Failure to properly classify an individual will result in compensatory damages to the individual misclassified and can include penalties of up to \$10,000 for each individual misclassified or each violation. Effective July 1, 2024, with the exception of the updates to subdivision 4 which are effective for services on or after March 1, 2025. 2024 Minn. Laws, Ch. 127, Art. 10 § 8.

Intergovernmental misclassification enforcement and education partnership. Minn. Stat. §§ 181.724 and 181.725 creates an Intergovernmental Misclassification Enforcement and Education Partnership made up of the commissioners of labor and industry, revenue, employment and economic development, and commerce, and the attorney general. It exempts the partnership from the Open Meeting Law under chapter 13D, however, data created and shared by partnership entities under these sections are subject to chapter 13. It requires the partnership to meet quarterly on issues related to investigation and outreach on employee misclassification and authorizes the commissioner of labor and industry to convene additional meetings until July 31, 2025, for the purpose of discussion and creation of recommendations to the legislature. This statute sets out the partnership’s duties, including efforts related to education, outreach, detection, investigation, deterrence, and enforcement of employee misclassification. It requires an annual presentation to the legislature on the partnership’s efforts by March 1, 2025, on specified topics including staffing recommendations, industry data on misclassifications, recommendations for enforcement, a proposal for cross referrals, and certain other information, including a budget request. Effective May 25, 2024. 2024 Minn. Laws, Ch. 127, Art. 10 §§ 9-10.

Taxpayer assistance grants; tax credit outreach grants. Minn. Stat. § 270C.21, was amended to codify the tax credit outreach program in the 2023 tax bill by adding tax credit outreach grants to the section. Additionally, the section was reorganized, and definitions were provided for the following terms: “eligible credit,” “tax outreach organization,” “taxpayer assistance services,” and “volunteer taxpayer assistance organization.” Effective May 25, 2024. 2024 Minn. Laws, Ch. 127, Art. 71, § 1.

Lawyers Professional Responsibility Board. Minn. Stat. §§ 270C.445, subds. 6b, 6c, 6d; and 270C.446, subd. 5, were amended for a technical correction of the name of the Lawyers Professional Responsibility Board. Effective August 1, 2024. 2024 Minn. Laws, Ch. 85, §§ 80-83.

Generally; individuals. Minn. Stat. § 289A.08, subd. 1, was amended to create an income tax return filing requirement for individuals who elected to receive an advance payment of the child tax credit for the taxable year. Effective for taxable years beginning after December 31, 2024. 2024 Minn. Laws, Ch. 127, Art. 68, § 1.

Pass-through entity tax. Minn. Stat. § 289A.08, subd. 7a, was amended to change the term “section” to “subdivision.” Effective August 1, 2024. 2024 Minn. Laws, Ch. 85, § 88.

Standard deduction. Minn. Stat. § 290.0123, subds. 1-3, were amended to update the standard deduction amounts for taxpayers, the amount for seniors or blind taxpayers, and the amount for dependents to account for inflation adjustments since 2019. Effective for taxable years beginning after December 31, 2022. 2024 Minn. Laws, Ch. 76, §§ 1-3.

Nonresident military service compensation. Minn. Stat. § 290.0132, subd. 15, was amended to update the reference to United States Code, title 50, section 3911(2). Effective August 1, 2024. 2024 Minn. Laws, Ch. 85, § 89.

Disallowed section 280E expenses; cannabis licensees. Minn. Stat. §§ 290.0132, subd. 29 for individuals, and 290.0134, subd. 19 for corporations, were identically amended in two ways. First, because of the legislation’s streamlining of medical-cannabis-related terminology and licensing; and because “license holder” now includes all relevant medical and non-medical Office of Cannabis Management licensees, the description of entities qualifying for the subtractions is simplified to “license holder.” Second, the amendments clarify license holders qualify for a subtraction for cannabis or hemp business expenses. Effective May 25, 2024. 2024 Minn. Laws, Ch. 121, Art. 2, §§ 32-33.

Advance child tax credit, minimum credit. Minn. Stat. § 290.0661, subsd. 4 and 8 were amended to require that the commissioner of revenue establish a process for advance payment of the child tax credit, and subd. 9 was added to create a minimum credit. A taxpayer is allowed the greater of the child tax credit or the minimum credit. A taxpayer is eligible for a minimum credit only if, (1) they received an advance payment of the child tax credit under subdivision 8, and (2) the combined amount of the taxpayer’s child tax credit and working family credit for the current year after phaseout in subdivision 4, is greater than zero. The amount of the minimum credit is equal to 50% of the child tax credit received in the previous taxable year. If the number of qualifying children in the current taxable year is less than in the prior taxable year, then the minimum credit is further reduced by multiplying the minimum credit amount by a fraction in which the numerator is the number of qualifying children in the current taxable year and denominator is the number of qualifying children in the prior taxable year. Effective for taxable years beginning after December 31, 2024. 2024 Minn. Laws, Ch. 127, Art. 68, §§ 2-4.

Amount of credit. Minn. Stat. § 290.067, subd. 1, was amended to change the term “qualified individual” to “qualifying individual.” Effective August 1, 2024. 2024 Minn. Laws, Ch. 85, § 91.

Credit for sales of manufactured home parks to cooperatives. Minn. Stat. § 290.0694, subd. 1, was amended to cross-reference newly enacted chapter 308C, the Minnesota Cooperative Housing Act. The amendment adds a corporation or association organized under the Minnesota Cooperative Housing Act to the list of persons to which a seller may sell a manufactured home park and qualify for the credit for sales of manufactured home parks to cooperatives. Effective August 1, 2025. 2024 Minn. Laws, Ch. 96, Art. 2, § 6.

Minimum fee; corporations; partnerships. Minn. Stat. § 290.0922, subd. 2, was amended to cross-reference newly enacted chapter 308C, the Minnesota Cooperative Housing Act. The amendment adds cooperatives organized under the Minnesota Cooperative Housing Act to the list of cooperatives exempt from paying the minimum fee, if they provide housing exclusively to persons age 55 and over that are classified as homesteads. Effective August 1, 2025. 2024 Minn. Laws, Ch. 96, Art. 2, § 7.

Manufactured home. Minn. Stat. § 290A.03, subd. 16, was amended to include cooperative organizations organized under Chapter 308C in the definition of “manufactured home.” Effective August 1, 2025. 2024 Minn. Laws, Ch. 96, Art. 2, § 8.

Additional refund. Minn. Stat. § 290A.04, subd. 2h, was amended to strike the obsolete exclusion for valuations under Minn. Stat. § 273.11, subd. 16. Effective August 1, 2024. 2024 Minn. Laws, Ch. 85, § 92.

Net operating loss deduction. 2023 Minn. Laws, Ch. 64, Art. 1, § 44, the effective date was amended to reduce the taxable net income limit for the net operating loss deduction from 80% to 70% for taxable years beginning after December 31, 2023. Effective retroactively for taxable years beginning after December 31, 2022. 2024 Minn. Laws, Ch. 82, § 1.

Appropriation; tax credit outreach grants; taxpayer assistance grants. An uncodified provision appropriated \$1,000,000 for fiscal year 2025 for tax credit outreach grants and taxpayer assistance grants. The base for both appropriations is \$500,000 in fiscal year 2026 and \$500,000 in fiscal year 2027. These amounts are in addition to the amounts appropriated in the 2023 tax bill and 2023 state government finance bill. Effective July 1, 2024. 2024 Minn. Laws, Ch. 127, Art. 71, § 4.