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# Appendix B: Survey Methodology

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As part of evaluating Minnesota's research tax credit, we wanted a better understanding of businesses' perspectives on the tax credit. To collect this information, we surveyed 1,431 businesses that claimed Minnesota's research tax credit in at least one of three recent tax years (2012, 2013, or 2014). We received from the Minnesota Department of Revenue names and contact information for C corporations, S corporations, and partnerships that claimed (or had a shareholder or partner who claimed) the research tax credit.

We developed the survey instrument as an online survey but also developed a paper questionnaire for businesses that might prefer that format. Survey questions covered companies' views on the value of Minnesota's research tax credit, audits that included the tax credit, and possible changes to the tax credit's structure.

Before mailing our survey, we asked six business representatives from differing sizes of businesses, and from different parts of the state and country, to test it. The testers offered feedback on the online and paper survey instruments, as well as the process they used to access the online questionnaire. We adjusted survey questions based on the testers' comments.

To distribute the survey, we mailed a paper questionnaire along with a cover letter, background information on the Office of the Legislative Auditor and our evaluation, letters of support from three Minnesota business associations, and a postage-paid return envelope. Businesses had the option to complete the paper questionnaire or use the electronic questionnaire accessed through a secure website.

We sent the survey request on August 19, 2016, and gave respondents a deadline of September 12, 2016. On September 1, we mailed a reminder letter to the businesses from which we had not yet received a response. To increase the number of responses to our survey, we mailed a second reminder letter on September 15, 2016.

We received dozens of returned envelopes due to incorrect addresses. This includes instances in which the U.S. Postal Service returned envelopes marked with "return to sender" or "undeliverable as addressed," among other designations. We searched online for current addresses, and if we found an updated address, we sent the company a new mailing. We were unable to identify a current address for more than 60 companies whose envelopes were returned to us by the U.S. Postal Service.

Ultimately, we received 493 responses for a 34.5 percent response rate. Of the 1,431 business on the mailing list, we sent questionnaires to 804 C corporations and received 240 responses (30 percent response rate). Of 195 partnerships, we received survey responses from 60 for a 31 percent response rate. From 432 S corporations, we received 193 responses (45 percent response rate).

After distributing the survey, we received additional data from the Department of Revenue that led us to question the reliability of the list of contact information we had used to survey businesses. The Department of Revenue does not maintain lists of taxpayers that claim the research tax credit, because it has not had a business reason to do so. Instead, to assist with our survey of businesses, the department identified over a four-year period the tax forms that listed an amount on the tax forms' research credit line. However, using tax returns we

received from the department for another part of our evaluation, we found that the list of contact information included some businesses that should not have been on it. The list also omitted some companies that we subsequently learned actually had claimed the research tax credit in 2012, 2013, or 2014. (We further discuss issues with the data in Chapter 3 of our report.) Due to the extent of questions with the mailing list, our survey results are not generalizable to all claimants of Minnesota's research tax credit.

We analyzed survey results using a statistical software package. To produce estimates that would be representative of the population of surveyed businesses, we weighted the survey results to reflect the probability of responding to the survey. The weights are based on the company type and most recent year the company claimed the research tax credit. For example, 25 percent of our survey recipients were S corporations that last claimed the research tax credit in 2014, but 33 percent of the responses we received were from this group of companies. To correct for the overrepresentation of this group in our survey results, we applied a weighting adjustment that reflected the propensity of a company in this group to respond to our survey. Respondents in underrepresented groups received larger weights based on their propensity to respond to the survey. We then computed survey results using the assigned weights.

Numerical survey results follow. The weighted results are displayed as rounded percentages and, consequently, may not sum to 100 percent.

# Minnesota's Research and Development (R&D) Tax Credit Survey of Taxpayers



State of Minnesota  
OFFICE OF THE LEGISLATIVE AUDITOR  
PROGRAM EVALUATION DIVISION

*Please return your completed questionnaire by September 12, 2016—thank you!*

Please answer the following questions about Minnesota's Credit for Increasing Research Activities, also known as the Minnesota research and development tax credit. You may: (1) complete the questionnaire online using the instructions on the enclosed blue sheet, OR (2) mail this completed questionnaire in the enclosed postage-paid envelope. **If you have questions, contact Katherine Theisen at [katherine.theisen@state.mn.us](mailto:katherine.theisen@state.mn.us) or 651-296-1229.**

Your responses are confidential; only evaluation staff at the Office of the Legislative Auditor will have access to them. In our final report, you will not be identified and your answers will not be attributed to you or your company. If answering the questions requires collaborating with others in your company, feel free to share the questionnaire with them.

**Part 1: Company Information**

1 Company name: \_\_\_\_\_

2. Contact person for survey responses (so that we may follow up if necessary)

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Phone number: \_\_\_\_\_

E-mail address: \_\_\_\_\_

**Part 2: Research or Development Activities**

3. During what calendar year was your company founded? Year: \_\_\_\_\_

(n = 482)

2007 or later	17.6%
2006-1992	31.5
1991-1967	29.7
1966-1917	17.1
1916 or earlier	4.2

4. During what calendar year did your company start conducting research or development in Minnesota?

Year: \_\_\_\_\_

(n = 432)

2007 or later	33.8%
2006-1992	34.5
1991-1967	21.6
1966 or earlier	10.1

Minnesota’s R&D Tax Credit Survey of Taxpayers

5. During any of the past five years, how have the following items influenced your company’s decision to conduct research or development in Minnesota?

(Select one in each row.)	Greatly encouraged	Encouraged	Neither encouraged nor discouraged	Discouraged	Greatly discouraged	Did not consider/ Not applicable	Do not know
Availability of skilled labor, n = 488	14.2%	34.3%	29.1%	3.2%	0.4%	14.0%	4.9%
Cost of skilled labor, n = 485	5.4	21.1	46.4	5.6	0.5	15.4	5.6
Cost of research inputs (other than skilled labor), n = 479	4.2	17.6	51.0	4.0	0.6	16.7	5.9
Company leadership was already located in Minnesota, n = 482	37.6	27.6	17.3	0.0	0.2	13.8	3.4
Existing research facility in Minnesota, n = 483	28.2	29.5	20.0	0.6	0.0	18.3	3.3
Minnesota’s business tax rates, n = 484	4.5	11.2	43.2	16.7	6.1	13.5	4.8
Minnesota’s research and development tax credit, n = 486	18.7	38.5	25.3	0.4	0.7	12.7	3.6
Other Minnesota business tax incentives, n = 486	5.4	14.0	53.1	2.8	1.3	17.4	5.9
Proximity to academic research institutions, n = 486	6.4	22.5	45.4	0.2	0.2	21.4	3.9
Proximity to manufacturing or production operations, n = 487	16.6	34.7	27.8	0.7	0.0	16.9	3.2
Proximity to primary markets, n = 487	5.6	21.7	47.6	2.6	0.2	18.2	4.0
Proximity to similar businesses, n = 486	4.5	15.9	54.5	1.7	0.5	18.4	4.4
Quality of life for employees, n = 487	9.1	34.9	34.7	0.0	0.0	17.6	3.8
Regional infrastructure (such as transportation or information technology), n = 481	3.8	21.8	48.7	1.1	0.2	19.1	5.3

Other (please specify): \_\_\_\_\_

**Part 3: Minnesota Research and Development Tax Credit**

6. In which of your company's tax years did your company (or partner in a partnership or shareholder in an S corporation) do the following:

<i>(Select all that apply.)</i>	2012	2013	2014
Claim the <u>Minnesota</u> research and development tax credit, n = 493	78.1%	80.4%	80.6%
Pay a tax consultant or other third party for help in claiming the <u>Minnesota</u> research and development tax credit, n = 493	59.6	59.6	61.1
Claim the <u>federal</u> research and development tax credit, n = 493	76.3	79.1	79.3
Pay a tax consultant or other third party for help in claiming the <u>federal</u> research and development tax credit, n = 493	57.8	59.4	60.4

7. If your company (or partner or shareholder) did not claim the Minnesota research and development tax credit in one or more of the company's 2012, 2013, or 2014 tax years, please indicate the reason(s) why. *(Select all that apply.)*

<i>(n = 136)</i>	
<input type="checkbox"/> Administrative burden of claiming the credit	24.7%
<input type="checkbox"/> Benefit of the credit did not provide a sufficient return on investment	24.8
<input type="checkbox"/> Company did not exist	6.1
<input type="checkbox"/> Cost of hiring a tax consultant or other third party to help in claiming the credit	13.5
<input type="checkbox"/> Difficulty in determining the base amount to calculate eligible research expenditures	8.5
<input type="checkbox"/> Lack of experience with claiming the credit	15.6
<input type="checkbox"/> No eligible research expenditures in Minnesota	24.7
<input type="checkbox"/> Outcome of a previous audit	5.3
<input type="checkbox"/> Prior tax year audit of the credit was not yet completed	1.8
<input type="checkbox"/> Unaware of the credit	10.2
<input type="checkbox"/> Other <i>(please specify)</i> : _____	22.5

Minnesota’s R&D Tax Credit Survey of Taxpayers

8. In which Minnesota county did your company conduct most of its research and development (measured by amount of research expenditures) in the most recent tax year (2012, 2013, or 2014) that your company (or partner or shareholder) claimed the Minnesota tax credit?

County: \_\_\_\_\_

(n = 473)

Hennepin	40.1%
Ramsey	12.7
Anoka	5.3
Dakota	5.1
Washington	3.3
Stearns	2.5
Scott	2.1
Carver	2.0
Wright	1.9
Olmsted	1.7
St. Louis	1.6
Steele	1.6
Sherburne	1.6
Winona	1.3
Do not know	2.8
Other	14.5

9. In the most recent tax year that your company (or partner or shareholder) claimed the Minnesota research and development tax credit (2012, 2013, or 2014), did your company also conduct research or development in other states? *(Select one.)*

(n = 487)

<input type="checkbox"/> Yes	29.1%
<input type="checkbox"/> No → <b>Skip to Question 11 below</b>	68.3
<input type="checkbox"/> Do not know → <b>Skip to Question 11 below</b>	2.6

Minnesota’s R&D Tax Credit Survey of Taxpayers

10. In which state, including Minnesota, did your company conduct most of its research and development (measured by amount of research expenditures) in the most recent tax year (2012, 2013, or 2014) that your company (or partner or shareholder) claimed the Minnesota tax credit?

State: \_\_\_\_\_

(n = 134)

Minnesota	38.3%
California	15.0
Wisconsin	6.2
North Carolina	4.0
Do not know	1.7
Other	34.9

11. The Minnesota research and development tax credit was a “refundable” tax credit for tax years beginning after December 31, 2009, and before January 1, 2013 (meaning a taxpayer could receive a tax refund if the amount of the taxpayer’s Minnesota research and development tax credit exceeded the taxpayer’s tax liability).

→ If your company (or partner or shareholder) **claimed** the Minnesota research and development tax credit in your company’s **2012 tax year**, answer the question below.

→ If your company (or partner or shareholder) **did not claim** the Minnesota research and development tax credit in your company’s **2012 tax year**, skip to Question 13 on page 5.

Did your company (or partner or shareholder) receive a tax refund due to a 2012 Minnesota research and development tax credit? (Select one.)

(n = 387)

<input type="checkbox"/> Yes	43.1%
<input type="checkbox"/> No → Skip to Question 13 on page 5	37.6
<input type="checkbox"/> Do not know → Skip to Question 14 on page 6	19.3



Minnesota’s R&D Tax Credit Survey of Taxpayers

12. When your company (or partner or shareholder) received a tax refund due to a 2012 Minnesota research and development tax credit, how important was the tax credit in allowing your company to:

(Select one in each row.)	Very important	Moderately important	Low importance	Not at all important	Do not know
Apply for patents, n = 159	13.9%	19.2%	19.0%	42.3%	5.5%
Create new research or development facilities in Minnesota, n = 158	9.5	17.4	21.4	48.7	3.0
Develop a new product or service, n = 159	45.2	29.4	12.5	10.3	2.6
Expand business within Minnesota, n = 159	30.9	26.0	22.5	17.6	3.0
Hire new employees, n = 161	33.1	30.1	21.1	12.3	3.5
Improve an existing product or service, n = 161	44.4	36.7	8.9	6.5	3.6
Increase profitability, n = 160	27.2	35.3	19.5	13.8	4.2
Increase research or development activities, n = 160	40.3	35.7	17.0	4.2	2.8
Relocate business activities to Minnesota, n = 156	5.4	7.6	24.2	52.1	10.8
Remain in business in Minnesota, n = 160	23.2	31.7	18.3	23.1	3.7
Retain existing jobs, n = 159	34.0	41.1	11.1	11.3	2.6

Other (please specify): \_\_\_\_\_

- If your company (or partner or shareholder) received a refund due to a 2012 Minnesota research and development tax credit but did not claim the credit in subsequent years, please skip to Question 14 on page 6.
- If your company (or partner or shareholder) received a refund due to a 2012 Minnesota research and development tax credit and claimed the credit in subsequent years, please continue to Question 13 below.

13. For the tax years your company (or partner or shareholder) claimed the Minnesota research and development tax credit but did not receive a tax refund due to the tax credit, how important was the tax credit in allowing your company to:

(Select one in each row.)	Very important	Moderately important	Low importance	Not at all important	Do not know
Apply for patents, n = 342	5.7%	13.0%	21.6%	48.3%	11.4%
Create new research or development facilities in Minnesota, n = 338	6.6	11.3	22.4	50.0	9.6
Develop a new product or service, n = 342	27.7	26.0	14.1	23.5	8.6
Expand business within Minnesota, n = 341	17.2	22.8	21.3	28.8	9.8
Hire new employees, n = 342	18.0	25.0	22.1	26.1	8.9
Improve an existing product or service, n = 341	25.6	30.9	12.9	21.6	9.0
Increase profitability, n = 342	20.3	28.9	17.8	23.4	9.6
Increase research or development activities, n = 340	22.5	29.0	19.0	21.2	8.3
Relocate business activities to Minnesota, n = 342	2.6	5.8	18.4	61.4	11.8
Remain in business in Minnesota, n = 344	11.7	21.0	23.4	34.4	9.4
Retain existing jobs, n = 340	16.8	29.2	19.9	24.9	9.2

Other (please specify): \_\_\_\_\_

**Part 4: Minnesota Department of Revenue Audits**

14. Did the Minnesota Department of Revenue audit your company for the Minnesota research and development tax credit your company (or partner or shareholder) claimed in any of the following tax years?

<i>(Select one for each year.)</i>	Audited	Not audited	Do not know	Did not claim credit
2012, n = 384	25.3%	63.6%	11.0%	-
2013, n = 394	14.7	74.8	10.5	-
2014, n = 399	8.0	82.5	9.5	-

15. Did the federal Internal Revenue Service audit your company for the federal research and development tax credit your company (or partner or shareholder) claimed in any of the following tax years?

<i>(Select one for each year.)</i>	Audited	Not audited	Do not know	Did not claim credit
2012, n = 379	11.1%	80.7%	8.2%	-
2013, n = 388	8.9	83.1	8.0	-
2014, n = 391	7.8	85.6	6.6	-

→ If you selected “Not audited,” “Do not know,” or “Did not claim credit” for all years in Question 14, please skip to Question 31 on page 11.

16. Has the Minnesota Department of Revenue completed at least one audit of your company’s 2012, 2013, or 2014 Minnesota research and development tax credit? *(Select one.)*

(n = 91)

<input type="checkbox"/> Yes, completed	68.4%
<input type="checkbox"/> No, not fully completed → Skip to Question 31 on page 11	28.9
<input type="checkbox"/> Do not know → Skip to Question 31 on page 11	2.7

Minnesota’s R&D Tax Credit Survey of Taxpayers

For questions 17 to 22, if your company has had multiple audits of its Minnesota research and development tax credit, please respond for your company’s most recently completed audit.

17. Please indicate the extent to which you agree or disagree with the following statements regarding the most recently completed audit of your Minnesota research and development tax credit.

(Select one in each row.)	Strongly agree	Agree	Neither agree nor disagree	Disagree	Strongly disagree	Do not know
The duration of the audit was reasonable. n = 63	4.6%	53.0%	7.7%	8.4%	21.7%	4.6%
The cost to my company of complying with the audit was reasonable. n = 62	1.6	40.4	14.2	15.8	22.2	5.8
The amount of staff resources my company needed to comply with the audit was reasonable. n = 63	1.5	43.8	13.0	18.3	18.8	4.6
The amount of documentation the auditor requested was reasonable. n = 63	1.5	44.8	18.1	9.5	21.4	4.6
The auditor was knowledgeable about the credit. n = 63	13.2	48.3	14.1	6.4	9.7	8.1
The auditor was professional. n = 62	15.8	57.4	7.9	5.4	5.2	8.3
The auditor understood our research or development activities. n = 63	8.1	46.0	15.0	6.4	16.7	7.7
The number of times the auditor communicated with my company was sufficient. n = 63	4.6	58.1	15.0	6.6	8.9	6.8
The auditor’s communications with my company were clear. n = 63	8.1	61.1	9.5	4.2	11.3	5.7
My company thought that the outcome of the audit was fair. n = 63	14.0	48.3	10.4	11.9	10.8	4.6
The auditor provided adequate explanation for adjusting the credit amount (select a response only if applicable). n = 56	6.9	37.1	34.5	6.0	10.4	5.1

18. To what extent did the audit of your company’s Minnesota research and development tax credit affect your company’s productivity? (Select one.)

(n = 63)

<input type="checkbox"/> Little to no effect	55.3%
<input type="checkbox"/> Somewhat reduced	25.5
<input type="checkbox"/> Greatly reduced	12.4
<input type="checkbox"/> Do not know	6.8

Minnesota's R&D Tax Credit Survey of Taxpayers

19. From the date the Minnesota Department of Revenue first requested information to the date your company received notification of the audit's outcome, how many months did it take to complete the audit?

Number of months: \_\_\_\_\_

(n = 54)

12 or fewer months	78.0%
Between 12 and 18 months	16.5
19 or more months	5.5

20. As best you can, please estimate the cost of the audit to your company.

Cost of personnel time (\$): \_\_\_\_\_ (n = 45)      Mean: \$9,700      Median: \$6,000

Personnel time (in hours): \_\_\_\_\_ (n = 48)      Mean: 124 hours      Median: 100 hours

Other expenses, such as payment to a tax consultant or other third party (please explain):

\_\_\_\_\_

\_\_\_\_\_

(n = 25)      Mean: \$12,400      Median: \$5,000

21. What was your company's overall experience with the most recently completed audit of your Minnesota research and development tax credit? *(Select one.)*

(n = 62)

<input type="checkbox"/> Very positive	11.7%
<input type="checkbox"/> Positive	26.6
<input type="checkbox"/> Neutral	26.4
<input type="checkbox"/> Negative	12.1
<input type="checkbox"/> Very negative	20.0
<input type="checkbox"/> Do not know	3.1

22. What was the outcome of the most recently completed audit of your company's Minnesota research and development tax credit? *(Select one.)*

(n = 62)

<input type="checkbox"/> No adjustments to the credit amount	31.8%
<input type="checkbox"/> Some adjustments to the credit amount	60.9
<input type="checkbox"/> The entire credit was disallowed	3.1
<input type="checkbox"/> Do not know	4.2

*Due to the small number of respondents, we do not report survey results in Part 5 (pages B-13 through B-15).*

### **Part 5: Minnesota Department of Revenue's Appeals Process**

23. Companies (or partners or shareholders) that disagree with the outcome of a Minnesota Department of Revenue audit can appeal the outcome to the Department of Revenue or to the Minnesota Tax Court.

Did your company (or partner or shareholder) appeal the outcome of the most recently completed audit of its Minnesota research and development tax credit? *(Select all that apply.)*

- Yes, to the Minnesota Department of Revenue
- Yes, to the Minnesota Tax Court
- No
- Do not know

→ **If you selected “Yes, to the Minnesota Department of Revenue,” continue to Question 24 on page 9. Otherwise, please skip to Question 31 on page 11.**

24. Has the Minnesota Department of Revenue completed the appeal? *(Select one.)*

- Yes, completed
- No, not fully completed → **Skip to Question 31 on page 11**
- Do not know → **Skip to Question 31 on page 11**

Minnesota’s R&D Tax Credit Survey of Taxpayers

25. Please indicate the extent to which you agree or disagree with the following statements regarding the appeal completed by the Minnesota Department of Revenue.

<i>(Select one in each row.)</i>	Strongly agree	Agree	Neither agree nor disagree	Disagree	Strongly disagree	Do not know
The duration of the appeal was reasonable.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The cost to my company of complying with the appeal was reasonable.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The amount of staff resources my company needed to comply with the appeal was reasonable.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The amount of documentation the appeals officer requested was reasonable.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The appeals officer was knowledgeable about the credit.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The appeals officer was professional.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The appeals officer understood our research or development activities.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The number of times the appeals officer communicated with my company was sufficient.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The appeals officer’s communications with my company were clear.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
My company thought that the outcome of the appeal was fair.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The appeals officer provided adequate explanation for adjusting the credit amount (select a response only if applicable).	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

26. To what extent did the appeal affect your company’s productivity? *(Select one.)*

- Little to no effect
- Somewhat reduced
- Greatly reduced
- Do not know

Minnesota's R&D Tax Credit Survey of Taxpayers

27. From the date your company (or partner or shareholder) filed an appeal to the date it received notification of the appeal's outcome, how many months did it take the Minnesota Department of Revenue to complete the appeal?

Number of months: \_\_\_\_\_

28. As best you can, please estimate the cost of the appeal to your company.

Cost of personnel time (\$): \_\_\_\_\_

Personnel time (in hours): \_\_\_\_\_

Other expenses, such as payment to a tax consultant or other third party (please explain):

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

29. What was your overall experience with the appeal completed by the Minnesota Department of Revenue? *(Select one.)*

- Very positive
- Positive
- Neutral
- Negative
- Very negative
- Do not know

30. What was the outcome of the appeal completed by the Minnesota Department of Revenue? *(Select one.)*

- No adjustments to the credit amount
- Some adjustments to the credit amount
- The entire credit was disallowed
- Do not know

**Part 6: Possible Changes to Minnesota’s Research and Development Tax Credit**

31. How likely would the following possible changes to Minnesota’s research and development tax credit enable your company to increase research activities, hire new employees, or remain in or expand its business in Minnesota?

<i>(Select one in each row.)</i>	Extremely likely	Likely	Unlikely	Extremely unlikely	Do not know
Simplifying the calculation of the credit (such as allowing the use of the alternative simplified credit calculation method), n = 483	15.1%	39.8%	24.5%	5.7%	14.8%
Using a more recent base period than 1984 to 1988 to calculate eligible research expenditures, n = 487	12.1	32.6	23.2	7.3	24.8
Making the credit refundable (meaning that a taxpayer could receive a tax refund if the amount of the credit exceeded the taxpayer’s tax liability), n = 487	34.2	33.7	16.7	5.1	10.3
Increasing the credit’s 10 percent rate that now applies to the first \$2 million of qualifying expenses, n = 488	33.8	33.7	14.9	5.6	12.0
Increasing the credit’s 2.5 percent rate that now applies to qualifying expenses above \$2 million, n = 483	28.0	29.0	22.1	7.9	12.9
Precertifying that a taxpayer’s research expenses qualify for the credit, n = 486	13.6	29.6	27.1	8.2	21.5
Allowing companies to sell unused credit to other companies, n = 483	7.9	13.4	40.5	16.8	21.4
Allowing the credit to offset other taxes, such as the payroll tax, n = 478	24.1	30.1	22.3	7.9	15.6

Other possible changes *(please specify)*: \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_



Minnesota’s R&D Tax Credit Survey of Taxpayers

32. If the Minnesota Department of Revenue made the following possible changes, how beneficial do you think they would be to your company?

*(Select one in each row.)*

	Very beneficial	Beneficial	Not at all beneficial	Do not know
Establishing a telephone “help line” or e-mail address to answer questions about the Minnesota research and development tax credit, n = 484	10.5%	46.3%	28.2%	15.0%
Offering information sessions about the Minnesota research and development tax credit, n = 484	12.7	51.3	24.2	11.8
Providing examples of research that qualifies for the Minnesota research and development tax credit, n = 483	21.3	56.0	13.5	9.2
Providing examples of the documentation needed to substantiate a Minnesota research and development tax credit claim, n = 483	26.1	53.9	11.6	8.4

Other possible changes *(please specify)*: \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

**Conclusion and Thank You**

Please share anything else you would like us to know regarding your company’s experience with Minnesota’s research and development tax credit.

\_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

*Thank you for completing our questionnaire!  
 Please return your questionnaire in the enclosed postage-paid envelope.*