

MINNESOTA • REVENUE

POLITICAL CONTRIBUTION REFUND CAMPAIGN CHECKOFF Repeal

May 19, 2011

Department of Revenue
Analysis of H.F. 66 (Drazkowski) 1st Engrossment

	Yes	No
DOR Administrative Costs/Savings	X	

	<u>Fund Impact</u>			
	<u>F.Y. 2012</u>	<u>F.Y. 2013</u>	<u>F.Y. 2014</u>	<u>F.Y. 2015</u>
	(000's)			
Political Contribution Refund Repeal	\$5,400	\$6,400	\$5,500	\$6,500
State-Funded Checkoff	\$150	\$2,350	\$150	\$2,350
Campaign Appropriation	<u>\$0</u>	<u>\$1,020</u>	<u>\$0</u>	<u>\$1,020</u>
General Fund Total	\$5,550	\$9,770	\$5,650	\$9,870

Political contribution refund repeal effective for claims based on contributions made on or after July 1, 2011.
Campaign checkoff repeal effective July 1, 2011.

EXPLANATION OF THE BILL

Minnesota residents have two ways to make state-funded political contributions. First, the political contribution refund provides a refund to individuals for contributions made to qualifying political parties and candidates. The maximum refund is \$50 for an individual and \$100 for a married couple filing jointly. The refund claim must be filed no later than April 15 of the calendar year following the calendar year in which the contribution was made. Under current law the refund provisions are eliminated for contributions made after June 30, 2009, and before July 1, 2011.

Second, the campaign checkoff on the income tax and the property tax return allows Minnesota residents to designate \$5 for self and \$5 for spouse to parties that qualify or to the general campaign fund. These amounts do not add to the tax or reduce the refund. In addition to amounts from the checkoff, \$1.02 million is appropriated from the general fund for distribution for each general election.

The bill would repeal the political contribution refund and the checkoff provisions/distributions. The \$1.02 million appropriation would no longer be provided.

REVENUE ANALYSIS DETAIL

- The estimates correspond to the February 2011 Minnesota Management and Budget forecast.
- The repeal of the inactive refund program would result in no additional claims being processed.
- An average of 250,000 taxpayers (both income tax and property tax forms) use the campaign checkoff annually and there were previously about 90,000 political contribution refunds annually.

Source: Minnesota Department of Revenue
Tax Research Division
http://www.taxes.state.mn.us/taxes/legal_policy