

MINNESOTA REVENUE

INDIVIDUAL INCOME TAX CORPORATE FRANCHISE TAX Credit for Affordable Housing Contributions

February 13, 2002

Department of Revenue
Analysis of H.F. 2572(Clark)/S.F. 2958 (Anderson)

	Yes	No
Separate Official Fiscal Note Requested		X
Fiscal Impact		
DOR Administrative Costs/Savings	X	

	<u>Revenue Gain or (Loss)</u>			
	<u>F.Y. 2002</u>	<u>F.Y. 2003</u>	<u>F.Y. 2004</u>	<u>FY2005</u>
	(000's)			
General Fund	-	*	*	*

*An unspecified allocation of funds is made effective for taxable years beginning in 2002 and 2003.

EXPLANATION OF THE BILL

Proposed Law: This bill would provide a nonrefundable income and franchise tax credit for contributions to affordable housing (cash, land, marketable securities), equal to 50% of amounts certified by the Housing Finance Agency. The credit has a limit of \$250,000 per taxpayer per year with a five year carryover. Credit is limited to tax years beginning in 2002 and 2003.

ADMINISTRATIVE/OPERATIONAL IMPACT

There will be administrative or operational costs for DOR in administration of this bill. A new line will need to be added to the M1 and M4 forms with the instructions updated to reflect this credit. In addition, there will be printing and mailing costs with a new schedule and instructions for the carryover of the credit.

Source: Minnesota Department of Revenue
Tax Research Division
<http://www.taxes.state.mn.us/polic.html#analyses>

hf2572(sf2958)-1/ch