

# MINNESOTA • REVENUE

## Individual Income Tax Federal Update – Terrorism Victims

March 11, 2002

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

Department of Revenue  
Analysis of H.F. 3594 (Abrams)/S.F. 3390 (Betzold)

	<b>Revenue Gain or (Loss)</b>			
	<b><u>F.Y. 2002</u></b>	<b><u>F.Y. 2003</u></b>	<b><u>F.Y. 2004</u></b>	<b><u>F.Y. 2005</u></b>
	(000's)			
General Fund	(Negligible)	(Negligible)	(Negligible)	(Negligible)
Various effective dates				

### EXPLANATION OF THE BILL:

The bill would update references to the Internal Revenue Code for the individual income tax to adopt the provisions of the federal Victims of Terrorism Relief Act of 2001. The new federal law provides tax relief to individuals who die as a result of wounds or injury incurred as a result of the terrorist attacks that occurred on September 11, 2001, or April 19, 1995 (Oklahoma City), or individuals who die as a result of illness incurred due to an attack involving anthrax that occurred between September 11 and December 31, 2001.

The bill would also update the newborn credit portion of the child care credit to the changes contained in the federal Economic Growth and Tax Relief Reconciliation Act of 2001. The child care credit was updated in general to the new federal law in the 2001 Special Session, but the increase in the maximum expenses from \$2,400 to \$3,000 was not changed for the newborn credit.

### REVENUE ANALYSIS DETAIL

- It appears that none of the victims of the specified terrorist or anthrax attacks were Minnesota residents. Even if a small number were Minnesota residents and/or were nonresidents with some Minnesota-source income, the revenue loss for Minnesota is likely to be small and not expected to exceed \$5,000.
- The increase in the maximum expenses for the newborn credit was assumed in the current forecast estimate for the child care credit.

**ADMINISTRATIVE/ OPERATIONAL IMPACT**

There will be no significant administrative or operational costs or savings to DOR in administration of this bill.

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

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