

# MINNESOTA • REVENUE

## INDIVIDUAL INCOME TAX AmeriCorps Education Awards

May 5, 2006

	Yes	No
DOR Administrative Costs/Savings		X

Department of Revenue  
Analysis of H. F. 4106 (Sieben)

	<b>Fund Impact</b>			
	<b><u>F.Y. 2006</u></b>	<b><u>F.Y. 2007</u></b>	<b><u>F.Y. 2008</u></b>	<b><u>F.Y. 2009</u></b>
		(000's)		
General Fund	\$0	(\$84)	(\$88)	(\$92)

Effective beginning with tax year 2006.

### EXPLANATION OF THE BILL

The bill would allow a subtraction from federal taxable income of amounts received as national service educational awards from the National Service Trust (AmeriCorps).

### REVENUE ANALYSIS DETAIL

- For the 2005-2006 program year, in Minnesota there were 1,027 participants eligible to receive a total of \$3.9 million in education awards, for an average award of \$3,800.
- It is assumed that 60% of award recipients had total incomes below the filing threshold.
- It is assumed that the remaining 40% would have a marginal tax rate of 5.35%.
- Growth at 5% per year was assumed.
- Tax year impacts were allocated to the following fiscal year.

**Number of Taxpayers:** About 400 taxpayers in tax year 2006.

Source: Minnesota Department of Revenue  
Tax Research Division  
[http://www.taxes.state.mn.us/taxes/legal\\_policy](http://www.taxes.state.mn.us/taxes/legal_policy)

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