

# MINNESOTA • REVENUE

## INDIVIDUAL INCOME TAX AmeriCorps Education Awards

February 16, 2007

	Yes	No
DOR Administrative Costs/Savings		X

Department of Revenue  
Analysis of S. F. 630 (Bakk) / H. F. 871 (Rukavina)

	<u>Fund Impact</u>			
	<u>F.Y. 2008</u>	<u>F.Y. 2009</u>	<u>F.Y. 2010</u>	<u>F.Y. 2011</u>
General Fund	(\$100)	(\$100)	(\$100)	(\$100)

(000's)

Effective beginning with tax year 2007.

### EXPLANATION OF THE BILL

The bill would allow a subtraction from federal taxable income for amounts received as national service educational awards from the National Service Trust for service in an approved AmeriCorps national service program.

### REVENUE ANALYSIS DETAIL

- According to the Corporation for National and Community Service, which runs the AmeriCorps program, there are 965 AmeriCorps participants in Minnesota for the 2006-2007 program year. These participants are eligible to receive a total of \$3.6 million in education awards, for an average award of \$3,800.
- According to the AmeriCorps State Commission Performance Report, an estimated 65% of these eligible participants elect to take the educational award as opposed to the of the end-of-service stipend.
- Of those who take the educational award, it is assumed that 75% would benefit from the proposed subtraction because they have taxable income to offset.
- A marginal tax rate of 5.35% is assumed.
- Based on AmeriCorps participation rates in Minnesota for the past two years, it is assumed that the participation rate would be flat for the forecast years.
- Tax year impacts were allocated to the following fiscal year.

**Number of Taxpayers:** An estimated 470 taxpayers per year.

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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