

MINNESOTA • REVENUE

INDIVIDUAL INCOME TAX Credit for Past Military Service

March 18, 2013

	Yes	No
DOR Administrative Costs/Savings	X	

Department of Revenue
Analysis of H.F. 62 (Dettmer) / S.F. 213 (Anderson)

	<u>Fund Impact</u>			
	<u>F.Y. 2014</u>	<u>F.Y. 2015</u>	<u>F.Y. 2016</u>	<u>F.Y. 2017</u>
General Fund	(Negl.)	(Negl.)	(Negl.)	(Negl.)

(000's)

Effective beginning with tax year 2013.

EXPLANATION OF THE BILL

Current Law: Current law allows a nonrefundable credit against the individual income tax of \$750. The credit is phased out by 10% of the amount by which adjusted gross income exceeds \$30,000, and thus is eliminated entirely for those with incomes over \$37,500. To qualify, a taxpayer must have separated from military service by the end of the taxable year and must either have served at least twenty years in the military or have a service-connected disability rating of 100% for total and permanent disability.

Proposed Law: The bill would alter the definition of which taxpayers would qualify for the credit by including all military pension-eligible taxpayers, regardless of length of service time.

REVENUE ANALYSIS DETAIL

- Since in most cases twenty years of military service is required to be eligible for a pension, few if any additional taxpayers would qualify for the credit.

Number of Taxpayers: Few if any taxpayers would be affected.

Source: Minnesota Department of Revenue
Tax Research Division
[www.revenue.state.mn.us/research_stats/Pages/
Revenue-Analyses.aspx](http://www.revenue.state.mn.us/research_stats/Pages/Revenue-Analyses.aspx)