

**INDIVIDUAL INCOME TAX
Standard Deduction Change for
Blind or Elderly Filers**

February 13, 2019

	Yes	No
DOR Administrative Costs/Savings	X	

Department of Revenue

Analysis of H.F. 1032 (Klevorn), As Proposed to be Amended (H1032A1)

	Fund Impact			
	<u>F.Y. 2020</u>	<u>F.Y. 2021</u>	<u>F.Y. 2022</u>	<u>F.Y. 2023</u>
		(000's)		
General Fund	(\$18,300)	(\$18,400)	(\$18,400)	(\$18,400)

Effective beginning tax year 2019.

EXPLANATION OF THE BILL

Current Law: Under federal law, a taxpayer who is blind or elderly (age 65 or over) is allowed an additional standard deduction. For tax year 2019, the additional deduction is \$1,300 for married taxpayers and \$1,650 for single and head-of-household taxpayers. Those amounts are adjusted annually for inflation.

Proposed Law: The bill creates a Minnesota additional standard deduction for a taxpayer who is blind or elderly. The additional deduction is \$2,150 for all taxpayers regardless of filing status. Those amounts will be indexed for inflation starting in tax year 2020.

REVENUE ANALYSIS DETAIL

- The House Income Tax Simulation Model (HITS 6.7) was used to estimate the revenue impact. These simulations assume the same economic conditions used by Minnesota Management and Budget for the forecast published in November 2018. The model uses a stratified random sample of tax year 2016 individual income tax returns compiled by the Minnesota Department of Revenue.
- Tax year impacts were allocated to the following fiscal year.

Number of Taxpayers: About 273,300 returns would be affected in tax year 2019, with an average reduction in tax of about \$67.

Minnesota Department of Revenue
Tax Research Division
www.revenue.state.mn.us/research/stats/Pages/Revenue-Analyses.aspx