

March 28, 2022

	Yes	No
DOR Administrative Costs/Savings	X	

Department of Revenue
Analysis of H.F. 1821 (Hansen, R.) / S.F. 1916 (Klein)

	Fund Impact			
	<u>F.Y. 2022</u>	<u>F.Y. 2023</u>	<u>F.Y. 2024</u>	<u>F.Y. 2025</u>
		(000's)		
General Fund	\$0	(\$23,000)	\$0	\$0

Effective retroactively for tax years 2020 and 2021.

EXPLANATION OF THE BILL

Current Law: Minnesota law references the Internal Revenue Code as amended through December 31, 2018. Since that date, the following federal legislation has been enacted affecting the treatment of charitable contributions:

- The Coronavirus Aid, Relief, and Economic Security (CARES) Act (Public Law 116-136) was enacted on March 27, 2020.
- The Consolidated Appropriations Act, 2021 (CAA 2021) (Public Law 116-260) was enacted on December 27, 2020.

The CARES Act allows an above-the-line deduction for charitable contributions of up to \$300 (\$600 for married joint filers) for cash charitable contributions made by taxpayers who do not itemize deductions on their federal return. The deduction initially applied for tax year 2020 only. The CAA 2021 extended that provision through tax year 2021.

Minnesota has not adopted those federal provisions.

Proposed Law: The bill would update reference to the Internal Revenue Code to retroactively include both provisions for the purpose of the individual income tax and alternative minimum tax.

REVENUE ANALYSIS DETAIL

- The estimates are based on the estimates for the federal legislation prepared by the staff of the Joint Committee on Taxation.
- Retroactive impacts are allocated to fiscal year 2023.
- Tax year impacts are allocated for the following fiscal year.

Minnesota Department of Revenue
Tax Research Division
[https://www.revenue.state.mn.us/
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