

HOUSE RESEARCH

Bill Summary

FILE NUMBER: 25
Version: As Introduced
DATE: January 20, 1999
Authors: Pawlenty and others
Subject: Income tax subtraction for charitable contributions
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Overview

HF 25 allows taxpayers who claim the federal standard deduction to subtract a portion of charitable contributions from taxable income in calculating their state income tax. The subtraction is set at 50 percent of contributions that exceed \$500. Under current law, taxpayers may deduct charitable contributions if they claim itemized deductions at the federal level, while taxpayers who claim the standard deduction are not allowed a separate deduction for charitable contributions. In tax year 1999, approximately 40 percent of filers are projected to claim itemized deductions, and 60 percent to claim the standard deduction.

- 1 Subtractions from federal taxable income.** Allows individuals who claim the federal standard deduction to subtract charitable contributions from Minnesota taxable income. The subtraction equals 50 percent of contributions in excess of \$500.
- 2 Effective date.** Effective beginning in tax year 1999.