

HOUSE RESEARCH

Bill Summary

FILE NUMBER: H.F. 294

DATE: January 26, 2001

Version: As introduced

Authors: Walz and others

Subject: Income tax subtraction for military pay

Analyst: Nina Manzi, 651-296-5204

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Overview

Allows a military pay subtraction of up to \$8,000 in determining Minnesota taxable income and income tax liability. The subtraction is allowed for active duty personnel in the armed forces, and for members of the Minnesota national guard and the armed forces reserves.

Section

- 1 **Military pay subtraction.** Allows a subtraction for military pay. The subtraction applies to the first \$5,000 of compensation for active duty personnel, members of the Minnesota national guard and the armed forces reserves, and to an additional \$3,000 of compensation for services performed outside Minnesota. Under current law, military pay other than combat pay is subject to income tax at both the federal and state levels.