

HOUSE RESEARCH

Bill Summary

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Authors: Newman and others

Subject: Income tax checkoff for National Guard and Reserve families

Analyst: Jim Cleary, 651-296-5053

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Overview

This bill creates a voluntary checkoff on the individual income tax form to fund grants of up to \$2,000 to members of the National Guard and Reserves and their families who have incurred financial need as a result of the member being ordered into federal active service since 9/11. All contributions are appropriated to the Department of Military Affairs, which is authorized to pass the funding to one or more eligible nonprofit foundations for administration.

Section

- 1 **Adjutant General - authority.** Authorizes the adjutant general to administer the funds collected through the tax checkoff created by this legislation.
- 2 **Subd. 1. Tax checkoff created.** Directs the commissioner of Revenue to amend the individual income tax form to permit tax filers to voluntarily designate that a portion of their tax or refund shall be paid into the Minnesota Military Families Relief Account. Establishes a standing appropriation of all checkoff revenues to the Adjutant General for making the grants as needed.
 - Subd. 2. Grants. (a)** Authorizes the Adjutant General to make grants either directly to eligible individuals, or to one or more eligible foundations to administer for that same purpose.
 - (b)** Defines "*eligible individual*" as a National Guard or Reserve member who has

been ordered to federal active service (under Title 10) since 9/11 and has a financial need as a result of that service, or the spouse or dependent child or surviving spouse or dependent child of that member.

(c) Defines "*eligible foundation*" as any organization that:

1) is tax-exempt under 501(c)(3);

2) is incorporated with the stated purpose of providing financial assistance to members of the Minnesota National Guard and other military Reserves and their families and survivors; and

3) agrees to administer the funds as directed by the adjutant general.

(d) Establishes the maximum grant amount at \$2,000 for an eligible individual in any calendar year.

(e) and (f) Provides that the state pledges that amounts contributed will be used solely for the purposes of this law, and that additional conditions or restrictions will not be imposed.

(g) Defines "*federal active service*" by reference to statute, but excludes service exclusively for training, as well as full-time employment in Active Guard & Reserve status (AGR).

Subd. 3. Annual report required. Requires the Adjutant General to report annually to the legislature on the number, amounts and uses of the grants. The first report is due by February, 2007.

Subd. 4. Exception from rulemaking under the Administrative Procedures Act.

Effective date. For income tax returns for taxable year 2005 and thereafter.

3 Income tax form. Directs the commissioner of revenue to keep the individual income tax form M-1 to two pages in length, when adding the checkoff to the form.

Effective date. For taxable year 2005 and thereafter.