

HOUSE RESEARCH

Bill Summary

FILE NUMBER: H.F. 330

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Version: As introduced, with author's amendment (H330A1)

Authors: Anderson, S., and others

Subject: Income tax credit for telecommuting expenses (conversion and on-going)

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Overview

Provides an income tax credit of up to \$100 for 10 percent of telecommuting conversion expenses and up to \$500 for 30 percent of ongoing telecommuting expenses. Allows either the employer or employee, but not both, to claim the credit. Requires a report to the legislature.

Section

1 Telecommuting expenses credit. Provides an income tax credit of up to \$100 for telecommuting conversion expenses and up to \$500 for ongoing telecommuting expenses.

Subd. 1. Definitions. Defines "workplace employee" as an employee who works primarily at the employer's place of business, "telecommuting employee" as an employee who telecommutes at least one day a week, and "converting employee" as an individual who becomes a telecommuting employee after January 1, 2007.

Defines "telecommuting conversion expenses" as expenses for:

- ▶ purchase and installation of equipment
- ▶ office furnishings, and
- ▶ installation of phone, cable, or DSL lines.

Defines "ongoing telecommuting expenses" as expenses incurred for phone, cable, DSL, or other wireless service necessary for telecommuting.

Section

Subd. 2. Credit allowed; telecommuting conversion expenses. Allows either an employer or employee to claim a one-time credit equal to 10 percent of telecommuting conversion expenses, up to a maximum of \$100. The credit applies against both the individual income and corporate franchise tax.

Subd. 3. Credit allowed; ongoing telecommuting expenses. Allows either an employer or employee to claim an annual credit equal to 30 percent of ongoing telecommuting expenses, up to a maximum of \$500. The credit applies against the individual income tax and not the corporate franchise tax.

Subd. 4. Allocation; nonresidents and part-year residents. Requires nonresidents and part-year residents to apportion the credit based on the share of their income that is Minnesota source income.

Effective in tax year 2007 and following years.

- 2 Report.** Requires the commissioner of revenue to make a written report to the legislature by January 15, 2009, on the amount claimed in telecommuting credits by both employers and employees.