

HOUSE RESEARCH

Bill Summary

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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 \$100 for 10 percent of ongoing telecommuting expenses. Allows either the employer or employee, but not both, to claim the credit.

Section

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

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 10 percent of ongoing telecommuting expenses, up to a maximum of \$100. 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.