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### Overview

Provides employers with a nonrefundable income tax credit for hiring qualified veterans in Minnesota. The credit matches the federal work opportunity credit for veterans, but would remain in effect at the state level if the federal credit expires as scheduled. The maximum credit ranges from \$2,400 to \$9,600, depending on the category of veteran hired.

#### Section

- 1** **Income tax credit for employment of veterans.** Allows a state income tax credit for taxpayers who employ one or more qualified veterans in Minnesota. The state credit matches the federal work opportunity credit to the extent the federal credit is claimed for employment of qualified veterans (under present federal law, the federal credit is available only for employment of qualified veterans, but in the past it has been allowed for a variety of groups of employees). The credit would be available to all employers subject to the individual income or corporate franchise tax.

For each qualified veteran hired, the federal credit equals 40 percent of a capped amount of wages paid during the first year of employment, with the amount of qualifying wages set at different levels for different categories of veterans.

- ▶ **Veterans who received food stamps** for at least three months in the 12 months prior to the hiring date, and
- ▶ **Veterans who were unemployed** for at least four weeks but less than six months in the preceding 12 months:

## **Section**

- maximum credit of \$2,400 (first \$6,000 of wages)
- ▶ **Disabled veterans hired within one year of discharge** from the military:
  - maximum credit of \$4,800 (first \$12,000 of wages)
- ▶ **Veterans who are not disabled and who were unemployed** for at least six months in the 12 months prior to the hiring date:
  - maximum credit of \$5,600 (first \$14,000 of wages)
- ▶ **Disabled veterans who were unemployed** for at least six months in the 12 months prior to the hiring date:
  - Maximum credit of \$9,600 (first \$24,000 of wages)

The federal credit is in effect for veterans who are hired before December 31, 2013. The state credit proposed in this section would remain in effect without regard to the December 31, 2013, expiration of the federal credit. For veterans hired after December 31, 2012, the state credit would continue to be calculated using the definitions and parameters of the current federal credit. If the credit allowed exceeds the taxpayer's corporate franchise and individual income tax liability for the year, the excess may be carried forward for up to ten years.

**Effective date:** Tax year 2013.