## HOUSE RESEARCH =

## Bill Summary =

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**Version:** First Engrossment

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**Subject:** Expanding eligibility for the income tax credit for past military service

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## Overview

**Background.** Since tax year 2009, Minnesota has provided an individual income tax credit to certain military retirees, for their past military service. The credit equals up to \$750 for qualifying individuals. It is nonrefundable and is subject to an income limitation (i.e., an income-based phase out). To qualify for the credit, a veteran must:

- have served in the military (including the National Guard and reserves) for at least 20 years; or
- have a service-connected disability rated by the U.S. Department of Veterans' Affairs as being 100 percent total and permanent (100% T&P).

Individuals currently serving in the military do not qualify for the credit.

**Proposed change.** This bill would expand eligibility to include:

- veterans who were medically discharged from the military with fewer than 20 years of service, but who had sufficient service time to qualify for a military pension; and
- veterans who, due to military downsizing, were forcibly retired with fewer than 20 years of service, but who nevertheless receive a military pension under the operative military reduction order; and
- the spouses of deceased veterans who are receiving a military pension under the Survivor Benefit Payment (SBP) program.

Effective: for Tax Year 2012