Overview

This bill allows the 1999 sales tax rebate to individuals who were claimed as dependents on another taxpayer's federal tax return in 1997. To qualify, an individual would be required to have paid 1997 Minnesota income tax. The rebates for dependents would be calculated using the lesser of earned income or taxable income.

1 **Rebate for dependents.** Allows individuals who were claimed as dependents on another taxpayer's federal tax return to qualify for the 1999 sales tax rebate. Dependents would qualify for the rebate only if they paid 1997 Minnesota income tax. The rebate would be calculated under the regular rebate schedule, including the adjustment for the additional $50 million of surplus. However, the lesser of earned income or taxable income would be used. Earned income is defined as either wages subject to social security (FICA) tax or self-employment earnings to which the social security tax applies. Individuals would need to apply for the rebate. The deadline for application is June 15, 2000.

Interest would be paid on unpaid rebates starting October 1, 2000. Individuals would have until July 1, 2002, to request corrections, if an incorrect amount or no rebate was paid. These rebates would not be subject to the $1.3 billion limit on the total amount of rebates.

2 **Effective date.** Day following final enactment.