

# HOUSE RESEARCH

## Bill Summary

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**Subject:** Income tax conformity; acceleration of recognition of charitable contributions for Haitian earthquake relief  
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### Overview

Updates the definition of net income to conform to the change made by Public Law 111-126, "An Act to accelerate the income tax benefits for charitable cash contributions for the relief of victims of the earthquake in Haiti." Allows charitable contributions for earthquake relief made after January 11, and before March 1, 2010, to be claimed on 2009 Minnesota individual and corporate income tax returns. Applies to both contributions claimed as itemized deductions at the federal level and to contributions claimed under Minnesota's charitable contribution subtraction for nonitemizers.

#### Section

- 1** **Net income.** Conforms Minnesota's definition of net income for the individual and corporate taxes to the federal definition as revised by Public Law 111-126, "An Act to accelerate the income tax benefits for charitable cash contributions for the relief of victims of the earthquake in Haiti." Under P.L. 111-126 taxpayers may elect to treat contributions for earthquake relief made after January 11, 2010, and before March 1, 2010, as though they were made on December 31, 2009. The effect is to allow individual and corporate calendar-year taxpayers to deduct Haitian earthquake relief contributions made in January through March 2010 on their 2009 federal income tax returns, rather than on their 2010 returns

This bill would allow Minnesota taxpayers to deduct earthquake relief contributions made after January 11, and before March 1, 2010, on their 2009 Minnesota income tax returns, providing the same tax treatment at the state level as P.L. 111-126 provides at the federal level. Without this change, taxpayers deducting earthquake relief contributions on their 2009 federal returns would be required to add those contributions to Minnesota taxable income on their 2009 state returns and then deduct them from Minnesota taxable income on their 2010 state returns.

Along with section 2, also allows Minnesota taxpayers who claim the charitable

contribution subtraction for nonitemizers to subtract amounts contributed in 2010 for earthquake relief on their 2009 state returns

- 2 **Subtractions from taxable income, individuals.** Allows Minnesota taxpayers who claim the charitable contribution subtraction for nonitemizers to subtract amounts contributed after January 11, 2010 and before March 1, 2010 for Haitian earthquake relief on their 2009 state returns. The nonitemizer subtraction allows individuals who don't itemize at the federal level to subtract from Minnesota taxable income 50 percent of total charitable contributions in excess of \$500.