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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETY-SECOND SESSION

H. F. No. **1125**

02/15/2021 Authored by Pryor, Jurgens, Her, Feist and Davids
The bill was read for the first time and referred to the Committee on Early Childhood Finance and Policy
03/04/2021 Adoption of Report: Amended and re-referred to the Committee on Taxes

1.1 A bill for an act
1.2 relating to taxation; individual income; establishing a refundable tax credit for
1.3 certain qualified child care professionals; proposing coding for new law in
1.4 Minnesota Statutes, chapter 290.

1.5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.6 Section 1. **[290.0693] CHILD CARE PROFESSIONAL SUPPLY AND RETENTION**
1.7 **CREDIT.**

1.8 Subdivision 1. Credit allowed for child care professionals. (a) An individual taxpayer
1.9 who qualifies as a child care professional is allowed a credit against the tax due in this
1.10 chapter. An individual claiming the credit under this subdivision may claim a credit for
1.11 employment at only one child care facility for the taxable year.

1.12 (b) The credit under paragraph (a) equals:

1.13 (1) \$1,000 for a child care professional with a career lattice step level equivalent to a
1.14 child development associate as of December 31 of the taxable year;

1.15 (2) \$2,500 for a child care professional with a career lattice step level that represents an
1.16 associate's degree as of December 31 of the taxable year; and

1.17 (3) \$3,000 for a child care professional with a career lattice step level that represents a
1.18 bachelor's degree or higher as of December 31 of the taxable year.

1.19 (c) The credit amounts in paragraph (b) must be adjusted for inflation as provided in
1.20 section 270C.22. For purposes of this paragraph and paragraph (b), the statutory year is
1.21 taxable year 2020.

2.1 Subd. 2. **Definitions.** (a) For purposes of this section, the following terms have the
2.2 meanings given.

2.3 (b) "Career lattice step" means the qualification level assigned to a child care professional
2.4 on Develop, the Minnesota quality improvement and registry tool, operated by the
2.5 Department of Human Services.

2.6 (c) "Child care facility" means a facility that maintains a quality rating of at least one
2.7 star in the quality rating and improvement system during at least six months of the taxable
2.8 year in which the credit is claimed and is either:

2.9 (1) a child care center licensed under chapter 245A;

2.10 (2) a family child care provider licensed under chapter 245A; or

2.11 (3) a tribally licensed child care provider.

2.12 (d) "Child care professional" means an individual who has:

2.13 (1) obtained a career lattice step level of six or greater; and

2.14 (2) been employed at the same child care facility for at least six months of the taxable
2.15 year in which the credit is claimed.

2.16 (e) "Quality rating" means the rating awarded to a child care facility by the Department
2.17 of Human Services pursuant to section 124D.142.

2.18 Subd. 3. **Allocation for nonresidents and part-year residents.** For a nonresident or
2.19 part-year resident, the credit determined under this section must be allocated based on the
2.20 percentage calculated under section 290.06, subdivision 2c, paragraph (e).

2.21 Subd. 4. **Credit refundable.** If the amount of total credits that a taxpayer is eligible to
2.22 receive under this section exceeds the claimant's tax liability under this chapter, the
2.23 commissioner must refund the excess to the claimant.

2.24 Subd. 5. **Appropriation.** An amount sufficient to pay the refunds authorized under this
2.25 section is appropriated to the commissioner from the general fund.

2.26 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
2.27 31, 2020.