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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETY-SECOND SESSION

H. F. No. 147

01/19/2021 Authored by Davnie and Thompson
The bill was read for the first time and referred to the Committee on Taxes

1.1 A bill for an act
1.2 relating to taxation; income; allowing an employer tax credit for school volunteers;
1.3 proposing coding for new law in Minnesota Statutes, chapter 290.

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

1.5 Section 1. 290.0693 SCHOOL VOLUNTEER TAX CREDIT.

1.6 Subdivision 1. Definitions. (a) For the purposes of this section, the following terms have
1.7 the meanings given.

1.8 (b) "Qualifying employer" means an employer with qualifying leave expenses in the
1.9 taxable year.

1.10 (c) "Qualifying leave expenses" means compensation paid in the taxable year to an
1.11 employee on volunteer leave for a qualifying volunteer activity. Qualifying leave expenses
1.12 are limited to compensation for no more than 40 hours of volunteer leave per employee
1.13 each taxable year.

1.14 (d) "Qualifying school" means a school, as defined in section 120A.22, subdivision 4,
1.15 at which at least 30 percent of the students qualify for free or reduced-price lunch under
1.16 section 126C.05, subdivision 16. A qualifying school must comply with the Minnesota
1.17 Human Rights Act under chapter 363A.

1.18 (e) "Qualifying volunteer activity" means working for a qualifying school without
1.19 receiving compensation from the school, provided that:

1.20 (1) the volunteer's dependent, as defined in section 152 of the Internal Revenue Code,
1.21 did not attend the school; and

2.1 (2) the volunteer received volunteer leave from the volunteer's employer.

2.2 (f) "Volunteer leave" means paid leave provided by an employer to an employee for the  
2.3 express purpose of volunteering.

2.4 Subd. 2. **Credit allowed.** (a) A taxpayer who is a qualifying employer is allowed a credit  
2.5 against the tax imposed under this chapter. The credit equals 50 percent of the taxpayer's  
2.6 qualifying leave expenses. The credit is limited to \$100,000 per qualified employer, and  
2.7 may not exceed the liability for tax under this chapter.

2.8 (b) For a part-year resident, the credit must be allocated based on the percentage  
2.9 calculated under section 290.06, subdivision 2c, paragraph (e).

2.10 Subd. 3. **Pass-through entities.** Credits allowed to a partnership, a limited liability  
2.11 company taxed as a partnership, an S corporation, or multiple owners of property are passed  
2.12 through to the partners, members, shareholders, or owners, respectively, pro rata to each  
2.13 partner, member, shareholder, or owner based on their share of the entity's income for the  
2.14 taxable year.

2.15 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
2.16 31, 2020.