

**SENATE
STATE OF MINNESOTA
EIGHTY-NINTH SESSION**

S.F. No. 496

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DATE	D-PG	OFFICIAL STATUS
02/02/2015	190	Introduction and first reading Referred to Taxes

1.1 A bill for an act

1.2 relating to taxation; individual income; modifying the Minnesota education
1.3 credit; allowing general tuition to qualify as an education-related expense;
1.4 doubling the credit amount; removing household income limitations; amending
1.5 Minnesota Statutes 2014, section 290.0674, subdivisions 1, 2.

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

1.7 Section 1. Minnesota Statutes 2014, section 290.0674, subdivision 1, is amended to read:

1.8 Subdivision 1. **Credit allowed.** An individual is allowed a credit against the
1.9 tax imposed by this chapter in an amount equal to 75 percent of the amount paid for
1.10 education-related expenses for a qualifying child in kindergarten through grade 12. For
1.11 purposes of this section, "education-related expenses" means:

1.12 (1) fees or tuition for instruction by an instructor under section 120A.22, subdivision
1.13 10, clause (1), (2), (3), (4), or (5), or a member of the Minnesota Music Teachers
1.14 Association, and who is not a lineal ancestor or sibling of the dependent for instruction
1.15 outside the regular school day or school year, including tutoring, driver's education
1.16 offered as part of school curriculum, regardless of whether it is taken from a public or
1.17 private entity or summer camps, in grade or age appropriate curricula that supplement
1.18 curricula and instruction available during the regular school year, that assists a dependent
1.19 to improve knowledge of core curriculum areas or to expand knowledge and skills under
1.20 the required academic standards under section 120B.021, subdivision 1, and the elective
1.21 standard under section 120B.022, subdivision 1, clause (2), and that do not include the
1.22 teaching of religious tenets, doctrines, or worship, the purpose of which is to instill such
1.23 tenets, doctrines, or worship;

1.24 (2) expenses for textbooks, including books and other instructional materials and
1.25 equipment purchased or leased for use in elementary and secondary schools in teaching

2.1 only those subjects legally and commonly taught in public elementary and secondary
 2.2 schools in this state. "Textbooks" does not include instructional books and materials
 2.3 used in the teaching of religious tenets, doctrines, or worship, the purpose of which is
 2.4 to instill such tenets, doctrines, or worship, nor does it include books or materials for
 2.5 extracurricular activities including sporting events, musical or dramatic events, speech
 2.6 activities, driver's education, or similar programs;

2.7 (3) a maximum expense of \$200 per family for personal computer hardware,
 2.8 excluding single purpose processors, and educational software that assists a dependent to
 2.9 improve knowledge of core curriculum areas or to expand knowledge and skills under
 2.10 the required academic standards under section 120B.021, subdivision 1, and the elective
 2.11 standard under section 120B.022, subdivision 1, clause (2), purchased for use in the
 2.12 taxpayer's home and not used in a trade or business regardless of whether the computer is
 2.13 required by the dependent's school; and

2.14 (4) the amount paid to others for tuition and transportation of a qualifying child
 2.15 attending an elementary or secondary school situated in Minnesota, North Dakota, South
 2.16 Dakota, Iowa, or Wisconsin, wherein a resident of this state may legally fulfill the state's
 2.17 compulsory attendance laws, which is not operated for profit, and which adheres to the
 2.18 provisions of the Civil Rights Act of 1964 and chapter 363A.

2.19 For purposes of this section, "qualifying child" has the meaning given in section
 2.20 32(c)(3) of the Internal Revenue Code.

2.21 **EFFECTIVE DATE.** This section is effective for taxable years beginning after
 2.22 December 31, 2014.

2.23 Sec. 2. Minnesota Statutes 2014, section 290.0674, subdivision 2, is amended to read:

2.24 Subd. 2. **Limitations.** ~~(a) For claimants with income not greater than \$33,500,~~
 2.25 The maximum credit allowed for a family is ~~\$1,000~~ \$2,000 multiplied by the number of
 2.26 qualifying children in kindergarten through grade 12 in the family. ~~The maximum credit~~
 2.27 ~~for families with one qualifying child in kindergarten through grade 12 is reduced by \$1~~
 2.28 ~~for each \$4 of household income over \$33,500, and the maximum credit for families with~~
 2.29 ~~two or more qualifying children in kindergarten through grade 12 is reduced by \$2 for~~
 2.30 ~~each \$4 of household income over \$33,500, but in no case is the credit less than zero.~~

2.31 For purposes of this section "income" ~~has the meaning given in section 290.067,~~
 2.32 ~~subdivision 2a. In the case of a married claimant, a credit is not allowed unless a joint~~
 2.33 ~~income tax return is filed.~~

3.1 (b) For a nonresident or part-year resident, the credit determined under subdivision 1
3.2 and the maximum credit amount in paragraph (a) must be allocated using the percentage
3.3 calculated in section 290.06, subdivision 2c, paragraph (e).

3.4 **EFFECTIVE DATE.** This section is effective for taxable years beginning after
3.5 December 31, 2014.