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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETY-FIRST SESSION

H. F. No. 394

01/28/2019 Authored by Quam and Munson 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; providing a subtraction for supporting vocational
1.3 training; amending Minnesota Statutes 2018, sections 290.0132, by adding a
1.4 subdivision; 290.0134, by adding a subdivision.

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

1.6 Section 1. Minnesota Statutes 2018, section 290.0132, is amended by adding a subdivision
1.7 to read:

1.8 Subd. 27. Collaborative vocational training. (a) For purposes of this subdivision, the
1.9 following terms have the meanings given them:

1.10 (1) "Collaborative vocational training agreement" means a partnership between a taxpayer
1.11 and a qualifying school where the taxpayer agrees to provide practical, hands-on training:

1.12 (i) that assists to improve students' knowledge of core curriculum areas or to expand
1.13 knowledge and skills under the required academic standards under section 120B.021,
1.14 subdivision 1, or the elective standard under section 120B.022, subdivision 1; or

1.15 (ii) in vocational technical trades for skilled occupations; and

1.16 (2) "Qualifying school" means:

1.17 (i) a secondary school situated in Minnesota, North Dakota, South Dakota, Iowa, or
1.18 Wisconsin, wherein a resident of this state may legally fulfill the state's compulsory
1.19 attendance laws, which is not operated for profit, and which adheres to the provisions of
1.20 the Civil Rights Act of 1964 and chapter 363A; or

1.21 (ii) a postsecondary institution eligible for state student aid under section 136A.103 or,
1.22 a postsecondary institution situated in North Dakota, South Dakota, Iowa, or Wisconsin

2.1 that participates in the federal Pell Grant program under title IV of the Higher Education
 2.2 Act of 1965, Public Law 89-329, as amended.

2.3 (b) The amount equal to the certificate provided under paragraph (e) is a subtraction.

2.4 (c) To be eligible for the subtraction under this subdivision, a taxpayer must apply to
 2.5 the commissioner of education or the commissioner of higher education, as applicable, for
 2.6 certification that the taxpayer has entered into a collaborative vocational training agreement
 2.7 for the taxable year. The application must be in a form and manner prescribed by the
 2.8 commissioner of revenue in consultation with the commissioner of education and the
 2.9 commissioner of higher education.

2.10 (d) A qualifying school that enters into a collaborative vocational training agreement
 2.11 for a taxable year must certify to the commissioner of education or commissioner of higher
 2.12 education, as applicable, the education cost savings realized during the taxable year
 2.13 attributable to the agreement.

2.14 (e) Upon determination that the taxpayer has entered into a collaborative vocational
 2.15 training agreement for the taxable year, the commissioner of education or commissioner of
 2.16 higher education must issue a certificate to the taxpayer designated in the application. The
 2.17 certificate must state the amount of the subtraction. The subtraction equals the lesser of: (1)
 2.18 the amount certified under paragraph (d) by the qualifying school; or (2)

2.19 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
 2.20 31, 2019.

2.21 Sec. 2. Minnesota Statutes 2018, section 290.0134, is amended by adding a subdivision
 2.22 to read:

2.23 Subd. 17. **Collaborative vocational training.** (a) For purposes of this subdivision, the
 2.24 following terms have the meanings given them:

2.25 (1) "Collaborative vocational training agreement" means a partnership between a taxpayer
 2.26 and a qualifying school where the taxpayer agrees to provide practical, hands-on training:

2.27 (i) that assists to improve students' knowledge of core curriculum areas or to expand
 2.28 knowledge and skills under the required academic standards under section 120B.021,
 2.29 subdivision 1, or the elective standard under section 120B.022, subdivision 1; or

2.30 (ii) in vocational technical trades for skilled occupations; and

2.31 (2) "Qualifying school" means:

3.1 (i) a secondary school situated in Minnesota, North Dakota, South Dakota, Iowa, or
3.2 Wisconsin, wherein a resident of this state may legally fulfill the state's compulsory
3.3 attendance laws, which is not operated for profit, and which adheres to the provisions of
3.4 the Civil Rights Act of 1964 and chapter 363A; or

3.5 (ii) a postsecondary institution eligible for state student aid under section 136A.103 or,
3.6 a postsecondary institution situated in North Dakota, South Dakota, Iowa, or Wisconsin
3.7 that participates in the federal Pell Grant program under title IV of the Higher Education
3.8 Act of 1965, Public Law 89-329, as amended.

3.9 (b) The amount equal to the certificate provided under paragraph (e) is a subtraction.

3.10 (c) To be eligible for the subtraction under this subdivision, a taxpayer must apply to
3.11 the commissioner of education or the commissioner of higher education, as applicable, for
3.12 certification that the taxpayer has entered into a collaborative vocational training agreement
3.13 for the taxable year. The application must be in a form and manner prescribed by the
3.14 commissioner of revenue in consultation with the commissioner of education and the
3.15 commissioner of higher education.

3.16 (d) A qualifying school that enters into a collaborative vocational training agreement
3.17 for a taxable year must certify to the commissioner of education or commissioner of higher
3.18 education, as applicable, the education cost savings realized during the taxable year
3.19 attributable to the agreement.

3.20 (e) Upon determination that the taxpayer has entered into a collaborative vocational
3.21 training agreement for the taxable year, the commissioner of education or commissioner of
3.22 higher education must issue a certificate to the taxpayer designated in the application. The
3.23 certificate must state the amount of the subtraction. The subtraction equals the lesser of: (1)
3.24 the amount certified under paragraph (d) by the qualifying school; or (2)

3.25 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
3.26 31, 2019.