

**SENATE
STATE OF MINNESOTA
NINETY-SECOND SESSION**

S.F. No. 1251

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DATE
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Introduction and first reading
Referred to Taxes

OFFICIAL STATUS

1.1 A bill for an act
1.2 relating to taxation; individual income; increasing amount of allowed expenses
1.3 and income limits for the Minnesota education credit; amending Minnesota Statutes
1.4 2020, section 290.0674, subdivisions 1, 2.

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

1.6 Section 1. Minnesota Statutes 2020, section 290.0674, subdivision 1, is amended to read:

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

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

1.22 (2) expenses for textbooks, including books and other instructional materials and
1.23 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 schools
 2.2 in this state. "Textbooks" does not include instructional books and materials used in the
 2.3 teaching of religious tenets, doctrines, or worship, the purpose of which is to instill such
 2.4 tenets, doctrines, or worship, nor does it include books or materials for extracurricular
 2.5 activities including sporting events, musical or dramatic events, speech activities, driver's
 2.6 education, or similar programs;

2.7 (3) a maximum expense of ~~\$200~~ \$300 per family for expenses listed in items (i) to (iii)
 2.8 that are purchased for use in the taxpayer's home and not used in a trade or business regardless
 2.9 of whether the computer is required by the dependent's school:

2.10 (i) personal computer hardware, excluding single purpose processors, ~~and;~~

2.11 (ii) educational software that assists a dependent to improve knowledge of core curriculum
 2.12 areas or to expand knowledge and skills under the required academic standards under section
 2.13 120B.021, subdivision 1, and the elective standard under section 120B.022, subdivision 1,
 2.14 clause (2), ~~purchased for use in the taxpayer's home and not used in a trade or business~~
 2.15 ~~regardless of whether the computer is required by the dependent's school;~~ and

2.16 (iii) monthly charges to an Internet service provider for Internet access; and

2.17 (4) the amount paid to others for transportation of a qualifying child attending an
 2.18 elementary or secondary school situated in Minnesota, North Dakota, South Dakota, Iowa,
 2.19 or Wisconsin, wherein a resident of this state may legally fulfill the state's compulsory
 2.20 attendance laws, which is not operated for profit, and which adheres to the provisions of
 2.21 the Civil Rights Act of 1964 and chapter 363A. Amounts under this clause exclude any
 2.22 expense the taxpayer incurred in using the taxpayer's or the qualifying child's vehicle.

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

2.25 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning
 2.26 after December 31, 2019.

2.27 Sec. 2. Minnesota Statutes 2020, section 290.0674, subdivision 2, is amended to read:

2.28 Subd. 2. **Limitations.** (a) For claimants with income not greater than ~~\$33,500~~ \$45,000,
 2.29 the maximum credit allowed for a family is \$1,000 multiplied by the number of qualifying
 2.30 children in kindergarten through grade 12 in the family. The maximum credit for families
 2.31 with one qualifying child in kindergarten through grade 12 is reduced by \$1 for each \$4 of
 2.32 household income over ~~\$33,500~~ \$45,000, and the maximum credit for families with two or

3.1 more qualifying children in kindergarten through grade 12 is reduced by \$2 for each \$4 of
3.2 household income over ~~\$33,500~~ \$45,000, but in no case is the credit less than zero.

3.3 (b) In the case of a married claimant, a credit is not allowed unless a joint income tax
3.4 return is filed.

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

3.8 (d) The commissioner shall annually adjust the household income limitation in paragraph
3.9 (a) as provided in section 270C.22. The statutory year is 2020.

3.10 **EFFECTIVE DATE.** The amendment to paragraph (a) is effective retroactively for
3.11 taxable years beginning after December 31, 2019. The amendment adding paragraph (d) is
3.12 effective for taxable years beginning after December 31, 2020.

3.13 **Sec. 3. REFUNDS FOR TAX YEAR 2020.**

3.14 The commissioner of revenue shall prescribe the form and manner in which a taxpayer
3.15 may claim a refund for education-related expenses allowed under sections 1 and 2 incurred
3.16 in taxable years beginning after December 31, 2019, and before January 1, 2021.