

SENATE
STATE OF MINNESOTA
NINETY-FOURTH SESSION

S.F. No. 429

(SENATE AUTHORS: EICHORN)

DATE
01/21/2025

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Introduction and first reading
Referred to Taxes

OFFICIAL STATUS

1.1 A bill for an act
1.2 relating to individual income; modifying the K-12 education expense subtraction
1.3 and credit; extending the credit to tuition; increasing the subtraction and credit
1.4 amounts; increasing the income phaseout for the credit; adjusting the credit and
1.5 subtraction amounts and credit phaseout thresholds for inflation; amending
1.6 Minnesota Statutes 2024, sections 290.0132, subdivision 4; 290.0674, subdivisions
1.7 1a, 2.

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

1.9 Section 1. Minnesota Statutes 2024, section 290.0132, subdivision 4, is amended to read:

1.10 Subd. 4. **Education expenses.** (a) Subject to the limits in paragraph (b), the ~~following~~
1.11 ~~amounts~~ amount paid to others for ~~each qualifying child are~~ education-related expenses,
1.12 less any amount used to claim the credit under section 290.0674, is a subtraction:

1.13 ~~(1) education-related expenses; plus~~

1.14 ~~(2) tuition and fees paid to attend a school described in section 290.0674, subdivision~~
1.15 ~~1a, paragraph (b), clause (4), that are not included in education-related expenses; less~~

1.16 ~~(3) any amount used to claim the credit under section 290.0674.~~

1.17 (b) The maximum subtraction allowed under this subdivision is:

1.18 (1) ~~\$1,625~~ \$2,750 for each qualifying child in kindergarten through grade 6; and

1.19 (2) ~~\$2,500~~ \$4,125 for each qualifying child in grades 7 through 12.

1.20 (c) The definitions in section 290.0674, subdivision 1a, apply to this subdivision.

2.1 (d) The commissioner must annually adjust for inflation the maximum amounts allowed
2.2 for each qualifying child under paragraph (b) as provided in section 270C.22. The statutory
2.3 year is taxable year 2025.

2.4 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
2.5 31, 2024.

2.6 Sec. 2. Minnesota Statutes 2024, section 290.0674, subdivision 1a, is amended to read:

2.7 Subd. 1a. **Definitions.** (a) For purposes of this section, the following terms have the
2.8 meanings given them.

2.9 (b) "Education-related expenses" means:

2.10 (1) qualifying instructional fees or tuition;

2.11 (2) expenses for textbooks, including books and other instructional materials and
2.12 equipment purchased or leased for use in elementary and secondary schools in teaching
2.13 only those subjects legally and commonly taught in public elementary and secondary schools
2.14 in this state. "Textbooks" does not include instructional books and materials used in the
2.15 teaching of religious tenets, doctrines, or worship, the purpose of which is to instill such
2.16 tenets, doctrines, or worship, nor does it include books or materials for extracurricular
2.17 activities including sporting events, musical or dramatic events, speech activities, driver's
2.18 education, or similar programs;

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

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

2.32 (c) "Qualified instructor" means an individual who is not a lineal ancestor or sibling of
2.33 the dependent and who is:

3.1 (1) an instructor under section 120A.22, subdivision 10, clause (1), (2), (3), (4), or (5);
3.2 or

3.3 (2) a member of the Minnesota Music Teachers Association.

3.4 (d) "Qualifying child" has the meaning given in section 32(c)(3) of the Internal Revenue
3.5 Code.

3.6 (e) "Qualifying instructional fees or tuition" means fees or tuition for instruction by a
3.7 qualified instructor outside the regular school day or school year, and that does not include
3.8 the teaching of religious tenets, doctrines, or worship, the purpose of which is to instill such
3.9 tenets, doctrines, or worship, including:

3.10 (1) driver's education offered as part of school curriculum, regardless of whether it is
3.11 taken from a public or private entity; or

3.12 (2) tutoring or summer camps that:

3.13 (i) are in grade or age appropriate curricula that supplement curricula and instruction
3.14 available during the regular school year;

3.15 (ii) assist a dependent to improve knowledge of core curriculum areas; or

3.16 (iii) expand knowledge and skills under:

3.17 (A) the required academic standards under section 120B.021, subdivision 1; and

3.18 (B) the world languages standards under section 120B.022, subdivision 1.

3.19 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
3.20 31, 2024.

3.21 Sec. 3. Minnesota Statutes 2024, section 290.0674, subdivision 2, is amended to read:

3.22 Subd. 2. **Limitations.** (a) For claimants with adjusted gross income not greater than
3.23 \$70,000, the maximum credit allowed for a family is \$1,500 multiplied by the number of
3.24 qualifying children in kindergarten through grade 12 in the family. The maximum credit
3.25 for families with one qualifying child in kindergarten through grade 12 is reduced by \$1
3.26 for each \$4 of adjusted gross income over \$70,000, and the maximum credit for families
3.27 with two or more qualifying children in kindergarten through grade 12 is reduced by \$2 for
3.28 each \$4 of adjusted gross income over \$70,000, but in no case is the credit less than zero.

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

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

4.4 (d) The commissioner must annually adjust for inflation the credit amount and the income
4.5 threshold at which the maximum credit begins to be reduced as provided in section 270C.22.
4.6 The statutory year is taxable year 2025.

4.7 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
4.8 31, 2025.