

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

S.F. No. 860

(SENATE AUTHORS: KUNESH, Rest and Westlin)

DATE
01/27/2023

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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; expanding the Minnesota education credit;
1.3 making related technical changes; amending Minnesota Statutes 2022, section
1.4 290.0674, subdivisions 1, 2, by adding a subdivision; repealing Minnesota Statutes
1.5 2022, section 290.0674, subdivision 2a.

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

1.7 Section 1. Minnesota Statutes 2022, section 290.0674, subdivision 1, is amended to read:

1.8 Subdivision 1. **Credit allowed; definitions.** (a) An individual is allowed a credit against
1.9 the 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.

1.11 (b) For 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 Association,~~
1.14 ~~and who is not a lineal ancestor or sibling of the dependent for instruction outside the regular~~
1.15 ~~school day or school year, including tutoring, driver's education offered as part of school~~
1.16 ~~curriculum, regardless of whether it is taken from a public or private entity or summer~~
1.17 ~~camp, in grade or age appropriate curricula that supplement curricula and instruction~~
1.18 ~~available during the regular school year, that assists a dependent to improve knowledge of~~
1.19 ~~core curriculum areas or to expand knowledge and skills under the required academic~~
1.20 ~~standards under section 120B.021, subdivision 1, and the world languages standards under~~
1.21 ~~section 120B.022, subdivision 1, and that do not include the teaching of religious tenets,~~
1.22 ~~doctrines, or worship, the purpose of which is to instill such tenets, doctrines, or worship~~
1.23 qualifying instructional fees or tuition;

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

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

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

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

2.24 (d) For purposes of this section, "qualified instructor" means an individual who is not a
2.25 lineal ancestor or sibling of the dependent and who is:

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

2.27 or

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

2.29 (e) For the purposes of this section, "qualifying instructional fees or tuition" means fees
2.30 or tuition for instruction by a qualified instructor outside the regular school day or school
2.31 year, and that does not include the teaching of religious tenets, doctrines, or worship, the
2.32 purpose of which is to instill such tenets, doctrines, or worship, including:

2.33 (1) tutoring;

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

3.3 (3) summer camps, in grade or age appropriate curricula that supplement curricula and
 3.4 instruction available during the regular school year, that assists a dependent to improve
 3.5 knowledge of core curriculum areas or to expand knowledge and skills under the required
 3.6 academic standards under section 120B.021, subdivision 1, and the world languages standards
 3.7 under section 120B.022, subdivision 1.

3.8 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
 3.9 31, 2022.

3.10 Sec. 2. Minnesota Statutes 2022, section 290.0674, subdivision 2, is amended to read:

3.11 Subd. 2. **Limitations.** (a) For claimants with adjusted gross income not greater than
 3.12 ~~\$33,500~~ \$70,000, the maximum credit allowed for a family is ~~\$1,000~~ \$1,500 multiplied by
 3.13 the number of qualifying children in kindergarten through grade 12 in the family. The
 3.14 maximum credit for families with one qualifying child in kindergarten through grade 12 is
 3.15 reduced by \$1 for each \$4 of ~~household~~ adjusted gross income over ~~\$33,500~~ \$70,000, and
 3.16 the maximum credit for families with two or more qualifying children in kindergarten
 3.17 through grade 12 is reduced by \$2 for each \$4 of ~~household~~ adjusted gross income over
 3.18 ~~\$33,500~~ \$70,000, but in no case is the credit less than zero.

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

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

3.24 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
 3.25 31, 2022.

3.26 Sec. 3. Minnesota Statutes 2022, section 290.0674, is amended by adding a subdivision
 3.27 to read:

3.28 **Subd. 6. Inflation adjustment.** The commissioner shall annually adjust the adjusted
 3.29 gross income amounts in subdivision 2, as provided in section 270C.22. The statutory year
 3.30 is taxable year 2023.

3.31 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
 3.32 31, 2023.

4.1 Sec. 4. **REPEALER.**

4.2 Minnesota Statutes 2022, section 290.0674, subdivision 2a, is repealed.

4.3 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December

4.4 31, 2022.

APPENDIX
Repealed Minnesota Statutes: 23-02354

290.0674 MINNESOTA EDUCATION CREDIT.

No active language found for: 290.0674.2a