SENATE
STATE OF MINNESOTA
NINETIETH SESSION

S.F. No. 947

1.1   A bill for an act

1.2   relating to taxation; individual income; providing that the education expense credit
1.3   and deduction apply to certain expenditures for prekindergarten expenses; amending
1.4   Minnesota Statutes 2016, sections 290.0132, subdivision 4; 290.0674, subdivision
1.5   1.

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

1.7   Section 1. Minnesota Statutes 2016, section 290.0132, subdivision 4, is amended to read:

1.8   Subd. 4. **Education expenses.** (a) Subject to the limits in paragraph (b), the following

1.9   amounts paid to others for each qualifying child are a subtraction:

1.10   (1) education-related expenses; plus

1.11   (2) tuition and fees paid to attend a school described in section 290.0674, subdivision

1.12   1, clause (4), that are not included in education-related expenses; less

1.13   (3) any ~~amount~~ amounts used to claim the ~~credit~~ credits under section 290.067 or

1.14   290.0674.

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

1.16   (1) $1,625 for each qualifying child in a prekindergarten educational program or in

1.17   kindergarten through grade 6; and

1.18   (2) $2,500 for each qualifying child in grades 7 through 12.

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

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

1.21   31, 2016.

2.1   Sec. 2. Minnesota Statutes 2016, section 290.0674, subdivision 1, is amended to read:

2.2   Subdivision 1. **Credit allowed.** An individual is allowed a credit against the tax imposed

2.3   by this chapter in an amount equal to 75 percent of the amount paid for education-related

2.4   expenses for a qualifying child in a prekindergarten educational program or in kindergarten

2.5   through grade 12. For purposes of this section, "education-related expenses" means:

2.6   (1) fees or tuition for instruction by an instructor under section 120A.22, subdivision

2.7   10, clause (1), (2), (3), (4), or (5), or a member of the Minnesota Music Teachers Association,

2.8   and who is not a lineal ancestor or sibling of the dependent for instruction outside the regular

2.9   school day or school year, including tutoring, driver's education offered as part of school

2.10   curriculum, regardless of whether it is taken from a public or private entity or summer

2.11   camps, in grade or age appropriate curricula that supplement curricula and instruction

2.12   available during the regular school year, that assists a dependent to improve knowledge of

2.13   core curriculum areas or to expand knowledge and skills under the required academic

2.14   standards under section 120B.021, subdivision 1, and the elective standard under section

2.15   120B.022, subdivision 1, clause (2), and that do not include the teaching of religious tenets,

2.16   doctrines, or worship, the purpose of which is to instill such tenets, doctrines, or worship;

2.17   (2) expenses for textbooks, including books and other instructional materials and

2.18   equipment purchased or leased for use in elementary and secondary schools in teaching

2.19   only those subjects legally and commonly taught in public elementary and secondary schools

2.20   in this state. "Textbooks" does not include instructional books and materials used in the

2.21   teaching of religious tenets, doctrines, or worship, the purpose of which is to instill such

2.22   tenets, doctrines, or worship, nor does it include books or materials for extracurricular

2.23   activities including sporting events, musical or dramatic events, speech activities, driver's

2.24   education, or similar programs;

2.25   (3) a maximum expense of $200 per family for personal computer hardware, excluding

2.26   single purpose processors, and educational software that assists a dependent to improve

2.27   knowledge of core curriculum areas or to expand knowledge and skills under the required

2.28   academic standards under section 120B.021, subdivision 1, and the elective standard under

2.29   section 120B.022, subdivision 1, clause (2), purchased for use in the taxpayer's home and

2.30   not used in a trade or business regardless of whether the computer is required by the

2.31   dependent's school; and

2.32   (4) the amount paid to others for transportation of a qualifying child attending an

2.33   elementary or secondary school situated in Minnesota, North Dakota, South Dakota, Iowa,

2.34   or Wisconsin, wherein a resident of this state may legally fulfill the state's compulsory

3.1   attendance laws, which is not operated for profit, and which adheres to the provisions of

3.2   the Civil Rights Act of 1964 and chapter 363A. Amounts under this clause exclude any

3.3   expense the taxpayer incurred in using the taxpayer's or the qualifying child's vehicle.; and

3.4   (5) fees charged for enrollment in a prekindergarten educational program, to the extent

3.5   not used to claim the credit under section 290.067.

3.6   For purposes of this section, "qualifying child" has the meaning given in section 32(c)(3)

3.7   of the Internal Revenue Code.

3.8   For purposes of this section, "prekindergarten educational program" means:

3.9   (1) prekindergarten programs established by a school district under chapter 124D;

3.10   (2) preschools, nursery schools, and early childhood development programs licensed by

3.11   the Department of Human Services and accredited by the National Association for the

3.12   Education of Young Children or National Early Childhood Program Accreditation;

3.13   (3) Montessori programs affiliated with or accredited by the American Montessori

3.14   Society or American Montessori International; and

3.15   (4) child care programs provided by family day care providers holding a current early

3.16   childhood development credential approved by the commissioner of human services.

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

3.18   31, 2016.