

SENATE
STATE OF MINNESOTA
NINETY-FIRST SESSION

S.F. No. 3747

(SENATE AUTHORS: EICHORN)

DATE	D-PG	OFFICIAL STATUS
02/27/2020	5037	Introduction and first reading Referred to Taxes

1.1 A bill for an act

1.2 relating to taxation; individual income; modifying the K-12 education expense

1.3 credit; making conforming changes; amending Minnesota Statutes 2018, sections

1.4 124D.095, subdivision 4; 270C.445, subdivision 3; 289A.31, subdivision 8;

1.5 290.0132, subdivision 4; 290.0674, subdivisions 2, 4, by adding subdivisions;

1.6 290.0679, subdivisions 1, 2; Minnesota Statutes 2019 Supplement, sections 13.46,

1.7 subdivision 2; 290.0674, subdivision 1; repealing Minnesota Statutes 2018, section

1.8 290.0674, subdivision 2a.

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

1.10 Section 1. Minnesota Statutes 2019 Supplement, section 13.46, subdivision 2, is amended

1.11 to read:

1.12 Subd. 2. **General.** (a) Data on individuals collected, maintained, used, or disseminated

1.13 by the welfare system are private data on individuals, and shall not be disclosed except:

1.14 (1) according to section 13.05;

1.15 (2) according to court order;

1.16 (3) according to a statute specifically authorizing access to the private data;

1.17 (4) to an agent of the welfare system and an investigator acting on behalf of a county,

1.18 the state, or the federal government, including a law enforcement person or attorney in the

1.19 investigation or prosecution of a criminal, civil, or administrative proceeding relating to the

1.20 administration of a program;

1.21 (5) to personnel of the welfare system who require the data to verify an individual's

1.22 identity; determine eligibility, amount of assistance, and the need to provide services to an

1.23 individual or family across programs; coordinate services for an individual or family;

2.1 evaluate the effectiveness of programs; assess parental contribution amounts; and investigate
2.2 suspected fraud;

2.3 (6) to administer federal funds or programs;

2.4 (7) between personnel of the welfare system working in the same program;

2.5 (8) to the Department of Revenue to assess parental contribution amounts for purposes
2.6 of section 252.27, subdivision 2a, administer and evaluate tax refund or tax credit programs
2.7 and to identify individuals who may benefit from these programs. The following information
2.8 may be disclosed under this paragraph: an individual's and their dependent's names, dates
2.9 of birth, Social Security numbers, income, addresses, and other data as required, upon
2.10 request by the Department of Revenue. Disclosures by the commissioner of revenue to the
2.11 commissioner of human services for the purposes described in this clause are governed by
2.12 section 270B.14, subdivision 1. Tax refund or tax credit programs include, but are not limited
2.13 to, the dependent care credit under section 290.067, the Minnesota working family credit
2.14 under section 290.0671, the property tax refund and rental credit under section 290A.04,
2.15 and the Minnesota education ~~credit~~ refund under section 290.0674;

2.16 (9) between the Department of Human Services, the Department of Employment and
2.17 Economic Development, and when applicable, the Department of Education, for the following
2.18 purposes:

2.19 (i) to monitor the eligibility of the data subject for unemployment benefits, for any
2.20 employment or training program administered, supervised, or certified by that agency;

2.21 (ii) to administer any rehabilitation program or child care assistance program, whether
2.22 alone or in conjunction with the welfare system;

2.23 (iii) to monitor and evaluate the Minnesota family investment program or the child care
2.24 assistance program by exchanging data on recipients and former recipients of food support,
2.25 cash assistance under chapter 256, 256D, 256J, or 256K, child care assistance under chapter
2.26 119B, medical programs under chapter 256B or 256L, or a medical program formerly
2.27 codified under chapter 256D; and

2.28 (iv) to analyze public assistance employment services and program utilization, cost,
2.29 effectiveness, and outcomes as implemented under the authority established in Title II,
2.30 Sections 201-204 of the Ticket to Work and Work Incentives Improvement Act of 1999.
2.31 Health records governed by sections 144.291 to 144.298 and "protected health information"
2.32 as defined in Code of Federal Regulations, title 45, section 160.103, and governed by Code

3.1 of Federal Regulations, title 45, parts 160-164, including health care claims utilization
3.2 information, must not be exchanged under this clause;

3.3 (10) to appropriate parties in connection with an emergency if knowledge of the
3.4 information is necessary to protect the health or safety of the individual or other individuals
3.5 or persons;

3.6 (11) data maintained by residential programs as defined in section 245A.02 may be
3.7 disclosed to the protection and advocacy system established in this state according to Part
3.8 C of Public Law 98-527 to protect the legal and human rights of persons with developmental
3.9 disabilities or other related conditions who live in residential facilities for these persons if
3.10 the protection and advocacy system receives a complaint by or on behalf of that person and
3.11 the person does not have a legal guardian or the state or a designee of the state is the legal
3.12 guardian of the person;

3.13 (12) to the county medical examiner or the county coroner for identifying or locating
3.14 relatives or friends of a deceased person;

3.15 (13) data on a child support obligor who makes payments to the public agency may be
3.16 disclosed to the Minnesota Office of Higher Education to the extent necessary to determine
3.17 eligibility under section 136A.121, subdivision 2, clause (5);

3.18 (14) participant Social Security numbers and names collected by the telephone assistance
3.19 program may be disclosed to the Department of Revenue to conduct an electronic data
3.20 match with the property tax refund database to determine eligibility under section 237.70,
3.21 subdivision 4a;

3.22 (15) the current address of a Minnesota family investment program participant may be
3.23 disclosed to law enforcement officers who provide the name of the participant and notify
3.24 the agency that:

3.25 (i) the participant:

3.26 (A) is a fugitive felon fleeing to avoid prosecution, or custody or confinement after
3.27 conviction, for a crime or attempt to commit a crime that is a felony under the laws of the
3.28 jurisdiction from which the individual is fleeing; or

3.29 (B) is violating a condition of probation or parole imposed under state or federal law;

3.30 (ii) the location or apprehension of the felon is within the law enforcement officer's
3.31 official duties; and

3.32 (iii) the request is made in writing and in the proper exercise of those duties;

4.1 (16) the current address of a recipient of general assistance may be disclosed to probation
4.2 officers and corrections agents who are supervising the recipient and to law enforcement
4.3 officers who are investigating the recipient in connection with a felony level offense;

4.4 (17) information obtained from food support applicant or recipient households may be
4.5 disclosed to local, state, or federal law enforcement officials, upon their written request, for
4.6 the purpose of investigating an alleged violation of the Food Stamp Act, according to Code
4.7 of Federal Regulations, title 7, section 272.1(c);

4.8 (18) the address, Social Security number, and, if available, photograph of any member
4.9 of a household receiving food support shall be made available, on request, to a local, state,
4.10 or federal law enforcement officer if the officer furnishes the agency with the name of the
4.11 member and notifies the agency that:

4.12 (i) the member:

4.13 (A) is fleeing to avoid prosecution, or custody or confinement after conviction, for a
4.14 crime or attempt to commit a crime that is a felony in the jurisdiction the member is fleeing;

4.15 (B) is violating a condition of probation or parole imposed under state or federal law;
4.16 or

4.17 (C) has information that is necessary for the officer to conduct an official duty related
4.18 to conduct described in subitem (A) or (B);

4.19 (ii) locating or apprehending the member is within the officer's official duties; and

4.20 (iii) the request is made in writing and in the proper exercise of the officer's official duty;

4.21 (19) the current address of a recipient of Minnesota family investment program, general
4.22 assistance, or food support may be disclosed to law enforcement officers who, in writing,
4.23 provide the name of the recipient and notify the agency that the recipient is a person required
4.24 to register under section 243.166, but is not residing at the address at which the recipient is
4.25 registered under section 243.166;

4.26 (20) certain information regarding child support obligors who are in arrears may be
4.27 made public according to section 518A.74;

4.28 (21) data on child support payments made by a child support obligor and data on the
4.29 distribution of those payments excluding identifying information on obligees may be
4.30 disclosed to all obligees to whom the obligor owes support, and data on the enforcement
4.31 actions undertaken by the public authority, the status of those actions, and data on the income
4.32 of the obligor or obligee may be disclosed to the other party;

5.1 (22) data in the work reporting system may be disclosed under section 256.998,
5.2 subdivision 7;

5.3 (23) to the Department of Education for the purpose of matching Department of Education
5.4 student data with public assistance data to determine students eligible for free and
5.5 reduced-price meals, meal supplements, and free milk according to United States Code,
5.6 title 42, sections 1758, 1761, 1766, 1766a, 1772, and 1773; to allocate federal and state
5.7 funds that are distributed based on income of the student's family; and to verify receipt of
5.8 energy assistance for the telephone assistance plan;

5.9 (24) the current address and telephone number of program recipients and emergency
5.10 contacts may be released to the commissioner of health or a community health board as
5.11 defined in section 145A.02, subdivision 5, when the commissioner or community health
5.12 board has reason to believe that a program recipient is a disease case, carrier, suspect case,
5.13 or at risk of illness, and the data are necessary to locate the person;

5.14 (25) to other state agencies, statewide systems, and political subdivisions of this state,
5.15 including the attorney general, and agencies of other states, interstate information networks,
5.16 federal agencies, and other entities as required by federal regulation or law for the
5.17 administration of the child support enforcement program;

5.18 (26) to personnel of public assistance programs as defined in section 256.741, for access
5.19 to the child support system database for the purpose of administration, including monitoring
5.20 and evaluation of those public assistance programs;

5.21 (27) to monitor and evaluate the Minnesota family investment program by exchanging
5.22 data between the Departments of Human Services and Education, on recipients and former
5.23 recipients of food support, cash assistance under chapter 256, 256D, 256J, or 256K, child
5.24 care assistance under chapter 119B, medical programs under chapter 256B or 256L, or a
5.25 medical program formerly codified under chapter 256D;

5.26 (28) to evaluate child support program performance and to identify and prevent fraud
5.27 in the child support program by exchanging data between the Department of Human Services,
5.28 Department of Revenue under section 270B.14, subdivision 1, paragraphs (a) and (b),
5.29 without regard to the limitation of use in paragraph (c), Department of Health, Department
5.30 of Employment and Economic Development, and other state agencies as is reasonably
5.31 necessary to perform these functions;

5.32 (29) counties and the Department of Human Services operating child care assistance
5.33 programs under chapter 119B may disseminate data on program participants, applicants,
5.34 and providers to the commissioner of education;

6.1 (30) child support data on the child, the parents, and relatives of the child may be
6.2 disclosed to agencies administering programs under titles IV-B and IV-E of the Social
6.3 Security Act, as authorized by federal law;

6.4 (31) to a health care provider governed by sections 144.291 to 144.298, to the extent
6.5 necessary to coordinate services;

6.6 (32) to the chief administrative officer of a school to coordinate services for a student
6.7 and family; data that may be disclosed under this clause are limited to name, date of birth,
6.8 gender, and address;

6.9 (33) to county correctional agencies to the extent necessary to coordinate services and
6.10 diversion programs; data that may be disclosed under this clause are limited to name, client
6.11 demographics, program, case status, and county worker information; or

6.12 (34) between the Department of Human Services and the Metropolitan Council for the
6.13 following purposes:

6.14 (i) to coordinate special transportation service provided under section 473.386 with
6.15 services for people with disabilities and elderly individuals funded by or through the
6.16 Department of Human Services; and

6.17 (ii) to provide for reimbursement of special transportation service provided under section
6.18 473.386.

6.19 The data that may be shared under this clause are limited to the individual's first, last, and
6.20 middle names; date of birth; residential address; and program eligibility status with expiration
6.21 date for the purposes of informing the other party of program eligibility.

6.22 (b) Information on persons who have been treated for drug or alcohol abuse may only
6.23 be disclosed according to the requirements of Code of Federal Regulations, title 42, sections
6.24 2.1 to 2.67.

6.25 (c) Data provided to law enforcement agencies under paragraph (a), clause (15), (16),
6.26 (17), or (18), or paragraph (b), are investigative data and are confidential or protected
6.27 nonpublic while the investigation is active. The data are private after the investigation
6.28 becomes inactive under section 13.82, subdivision 5, paragraph (a) or (b).

6.29 (d) Mental health data shall be treated as provided in subdivisions 7, 8, and 9, but are
6.30 not subject to the access provisions of subdivision 10, paragraph (b).

6.31 For the purposes of this subdivision, a request will be deemed to be made in writing if
6.32 made through a computer interface system.

7.1 **EFFECTIVE DATE.** This section is effective for claims made for education-related
7.2 expenses made in taxable years beginning after December 31, 2019.

7.3 Sec. 2. Minnesota Statutes 2018, section 124D.095, subdivision 4, is amended to read:

7.4 Subd. 4. **Online learning parameters.** (a) An online learning student must receive
7.5 academic credit for completing the requirements of an online learning course or program.
7.6 Secondary credits granted to an online learning student count toward the graduation and
7.7 credit requirements of the enrolling district. The enrolling district must apply the same
7.8 graduation requirements to all students, including online learning students, and must continue
7.9 to provide nonacademic services to online learning students. If a student completes an online
7.10 learning course or program that meets or exceeds a graduation standard or the grade
7.11 progression requirement at the enrolling district, that standard or requirement is met. The
7.12 enrolling district must use the same criteria for accepting online learning credits or courses
7.13 as it does for accepting credits or courses for transfer students under section 124D.03,
7.14 subdivision 9. The enrolling district may reduce the course schedule of an online learning
7.15 student in proportion to the number of online learning courses the student takes from an
7.16 online learning provider that is not the enrolling district.

7.17 (b) An online learning student may:

7.18 (1) enroll in supplemental online learning courses equal to a maximum of 50 percent of
7.19 the student's full schedule of courses per term during a single school year and the student
7.20 may exceed the supplemental online learning registration limit if the enrolling district permits
7.21 supplemental online learning enrollment above the limit, or if the enrolling district and the
7.22 online learning provider agree to the instructional services;

7.23 (2) complete course work at a grade level that is different from the student's current
7.24 grade level; and

7.25 (3) enroll in additional courses with the online learning provider under a separate
7.26 agreement that includes terms for paying any tuition or course fees.

7.27 (c) An online learning student has the same access to the computer hardware and
7.28 education software available in a school as all other students in the enrolling district. An
7.29 online learning provider must assist an online learning student whose family qualifies for
7.30 the education tax ~~credit~~ refund under section 290.0674 to acquire computer hardware and
7.31 educational software for online learning purposes.

7.32 (d) An enrolling district may offer digital learning to its enrolled students. Such digital
7.33 learning does not generate online learning funds under this section. An enrolling district

8.1 that offers digital learning only to its enrolled students is not subject to the reporting
8.2 requirements or review criteria under subdivision 7, unless the enrolling district is a full-time
8.3 online learning provider. A teacher with a Minnesota license must assemble and deliver
8.4 instruction to enrolled students receiving online learning from an enrolling district. The
8.5 delivery of instruction occurs when the student interacts with the computer or the teacher
8.6 and receives ongoing assistance and assessment of learning. The instruction may include
8.7 curriculum developed by persons other than a teacher holding a Minnesota license.

8.8 (e) Both full-time and supplemental online learning providers are subject to the reporting
8.9 requirements and review criteria under subdivision 7. A teacher holding a Minnesota license
8.10 must assemble and deliver instruction to online learning students. The delivery of instruction
8.11 occurs when the student interacts with the computer or the teacher and receives ongoing
8.12 assistance and assessment of learning. The instruction may include curriculum developed
8.13 by persons other than a teacher holding a Minnesota license. Unless the commissioner grants
8.14 a waiver, a teacher providing online learning instruction must not instruct more than 40
8.15 students in any one online learning course or program.

8.16 (f) To enroll in more than 50 percent of the student's full schedule of courses per term
8.17 in online learning, the student must qualify to exceed the supplemental online learning
8.18 registration limit under paragraph (b) or apply to enroll in an approved full-time online
8.19 learning program, consistent with subdivision 3, paragraph (a). Full-time online learning
8.20 students may enroll in classes at a local school under a contract for instructional services
8.21 between the online learning provider and the school district.

8.22 **EFFECTIVE DATE.** This section is effective for claims made for education-related
8.23 expenses made in taxable years beginning after December 31, 2019.

8.24 Sec. 3. Minnesota Statutes 2018, section 270C.445, subdivision 3, is amended to read:

8.25 Subd. 3. **Standards of conduct.** No tax preparer shall:

8.26 (1) without good cause fail to promptly, diligently, and without unreasonable delay
8.27 complete a client's return;

8.28 (2) obtain the signature of a client to a return or authorizing document that contains
8.29 blank spaces to be filled in after it has been signed;

8.30 (3) fail to sign a client's return when compensation for services rendered has been made;

8.31 (4) fail to provide on a client's return the preparer tax identification number when required
8.32 under section 6109(a)(4) of the Internal Revenue Code or section 289A.60, subdivision 28;

- 9.1 (5) fail or refuse to give a client a copy of any document requiring the client's signature
9.2 within a reasonable time after the client signs the document;
- 9.3 (6) fail to retain for at least four years a copy of a client's returns;
- 9.4 (7) fail to maintain a confidential relationship with clients or former clients;
- 9.5 (8) fail to take commercially reasonable measures to safeguard a client's nonpublic
9.6 personal information;
- 9.7 (9) make, authorize, publish, disseminate, circulate, or cause to make, either directly or
9.8 indirectly, any false, deceptive, or misleading statement or representation relating to or in
9.9 connection with the offering or provision of tax preparation services;
- 9.10 (10) require a client to enter into a loan arrangement in order to complete a client's return;
- 9.11 (11) claim credits or deductions on a client's return for which the tax preparer knows or
9.12 reasonably should know the client does not qualify;
- 9.13 (12) report a household income on a client's claim filed under chapter 290A that the tax
9.14 preparer knows or reasonably should know is not accurate;
- 9.15 (13) engage in any conduct that is subject to a penalty under section 289A.60, subdivision
9.16 13, 20, 20a, 26, or 28;
- 9.17 (14) whether or not acting as a taxpayer representative, fail to conform to the standards
9.18 of conduct required by Minnesota Rules, part 8052.0300, subpart 4;
- 9.19 (15) whether or not acting as a taxpayer representative, engage in any conduct that is
9.20 incompetent conduct under Minnesota Rules, part 8052.0300, subpart 5;
- 9.21 (16) whether or not acting as a taxpayer representative, engage in any conduct that is
9.22 disreputable conduct under Minnesota Rules, part 8052.0300, subpart 6;
- 9.23 (17) charge, offer to accept, or accept a fee based upon a percentage of an anticipated
9.24 refund for tax preparation services;
- 9.25 (18) under any circumstances, withhold or fail to return to a client a document provided
9.26 by the client for use in preparing the client's return;
- 9.27 (19) establish an account in the preparer's name to receive a client's refund through a
9.28 direct deposit or any other instrument unless the client's name is also on the account, except
9.29 that a taxpayer may assign the portion of a refund representing the Minnesota education
9.30 ~~credit~~ refund available under section 290.0674 to a bank account without the client's name,
9.31 as provided under section 290.0679;

- 10.1 (20) fail to act in the best interests of the client;
- 10.2 (21) fail to safeguard and account for any money handled for the client;
- 10.3 (22) fail to disclose all material facts of which the preparer has knowledge which might
10.4 reasonably affect the client's rights and interests;
- 10.5 (23) violate any provision of section 332.37;
- 10.6 (24) include any of the following in any document provided or signed in connection
10.7 with the provision of tax preparation services:
- 10.8 (i) a hold harmless clause;
- 10.9 (ii) a confession of judgment or a power of attorney to confess judgment against the
10.10 client or appear as the client in any judicial proceeding;
- 10.11 (iii) a waiver of the right to a jury trial, if applicable, in any action brought by or against
10.12 a debtor;
- 10.13 (iv) an assignment of or an order for payment of wages or other compensation for
10.14 services;
- 10.15 (v) a provision in which the client agrees not to assert any claim or defense otherwise
10.16 available;
- 10.17 (vi) a waiver of any provision of this section or a release of any obligation required to
10.18 be performed on the part of the tax preparer; or
- 10.19 (vii) a waiver of the right to injunctive, declaratory, or other equitable relief or relief on
10.20 a class basis; or
- 10.21 (25) if making, providing, or facilitating a refund anticipation loan, fail to provide all
10.22 disclosures required by the federal Truth in Lending Act, United States Code, title 15, in a
10.23 form that may be retained by the client.

10.24 **EFFECTIVE DATE.** This section is effective for claims made for education-related
10.25 expenses made in taxable years beginning after December 31, 2019.

10.26 Sec. 4. Minnesota Statutes 2018, section 289A.31, subdivision 8, is amended to read:

10.27 Subd. 8. **Liability of vendor for repayment of refund.** If an individual income tax a
10.28 Minnesota education refund resulting from claiming an education credit claimed under
10.29 section 290.0674 is paid by means of directly depositing the proceeds of the refund into a
10.30 bank account controlled by the vendor of the product or service upon which the education
10.31 credit refund is based, and the commissioner subsequently disallows the credit refund, the

11.1 commissioner may seek repayment of the refund from the vendor. The amount of the
 11.2 repayment must be assessed and collected in the same time and manner as an erroneous
 11.3 refund under section 289A.37, subdivision 2.

11.4 **EFFECTIVE DATE.** This section is effective for claims made for education-related
 11.5 expenses made in taxable years beginning after December 31, 2019.

11.6 Sec. 5. Minnesota Statutes 2018, section 290.0132, subdivision 4, is amended to read:

11.7 Subd. 4. **Education expenses.** (a) Subject to the limits in paragraph (b), the following
 11.8 amounts paid to others for each qualifying child are a subtraction:

11.9 (1) education-related expenses; plus

11.10 (2) tuition and fees paid to attend a school described in section 290.0674, subdivision
 11.11 1, clause (4), that are not included in education-related expenses; less

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

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

11.14 (1) \$1,625 for each qualifying child in kindergarten through grade 6; and

11.15 (2) \$2,500 for each qualifying child in grades 7 through 12.

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

11.17 **EFFECTIVE DATE.** This section is effective for claims made for education-related
 11.18 expenses made in taxable years beginning after December 31, 2019.

11.19 Sec. 6. Minnesota Statutes 2019 Supplement, section 290.0674, subdivision 1, is amended
 11.20 to read:

11.21 Subdivision 1. **Credit Refund allowed; definitions.** (a) An individual ~~is allowed~~ may
 11.22 claim a credit against the tax imposed by this chapter ~~refund~~ in an amount equal to 75 percent
 11.23 of the amount paid for education-related expenses for a qualifying child in kindergarten
 11.24 through grade 12 in an eligible year. For purposes of this section, "education-related
 11.25 expenses" means:

11.26 (1) fees or tuition for instruction by an instructor under section 120A.22, subdivision
 11.27 10, clause (1), (2), (3), (4), or (5), or a member of the Minnesota Music Teachers Association,
 11.28 and who is not a lineal ancestor or sibling of the dependent for instruction outside the regular
 11.29 school day or school year, including tutoring, driver's education offered as part of school
 11.30 curriculum, regardless of whether it is taken from a public or private entity or summer

12.1 camps, in grade or age appropriate curricula that supplement curricula and instruction
12.2 available during the regular school year, that assists a dependent to improve knowledge of
12.3 core curriculum areas or to expand knowledge and skills under the required academic
12.4 standards under section 120B.021, subdivision 1, and the world languages standards under
12.5 section 120B.022, subdivision 1, and that do not include the teaching of religious tenets,
12.6 doctrines, or worship, the purpose of which is to instill such tenets, doctrines, or worship;

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

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

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

12.28 (b) For purposes of this section,;

12.29 (1) "qualifying child" has the meaning given in section 32(c)(3) of the Internal Revenue
12.30 Code,;

12.31 (2) "eligible year" means the calendar year in which education-related expenses are
12.32 incurred; and

12.33 (3) "household" has the meaning given in section 290A.03, subdivision 4.

13.1 **EFFECTIVE DATE.** This section is effective for claims made for education-related
 13.2 expenses made in taxable years beginning after December 31,2019.

13.3 Sec. 7. Minnesota Statutes 2018, section 290.0674, subdivision 2, is amended to read:

13.4 Subd. 2. **Limitations.** (a) For claimants with adjusted gross income not greater than
 13.5 \$33,500 in the taxable year immediately preceding an eligible year, the maximum ~~credit~~
 13.6 refund allowed for a family is \$1,000 multiplied by the number of qualifying children in
 13.7 kindergarten through grade 12 in the family. The maximum ~~credit~~ refund for families with
 13.8 one qualifying child in kindergarten through grade 12 is reduced by \$1 for each \$4 of
 13.9 ~~household~~ adjusted gross income over \$33,500, and the maximum ~~credit~~ refund for families
 13.10 with two or more qualifying children in kindergarten through grade 12 is reduced by \$2 for
 13.11 each \$4 of ~~household~~ adjusted gross income over \$33,500, ~~but in no case is the credit less~~
 13.12 ~~than zero.~~

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

13.15 ~~(e)~~ (b) For a nonresident or part-year resident, the ~~credit~~ refund determined under
 13.16 subdivision 1 and the maximum ~~credit~~ refund amount in paragraph (a) must be allocated
 13.17 using the percentage calculated in section 290.06, subdivision 2c, paragraph (e).

13.18 **EFFECTIVE DATE.** This section is effective for claims made for education-related
 13.19 expenses made in taxable years beginning after December 31, 2019.

13.20 Sec. 8. Minnesota Statutes 2018, section 290.0674, subdivision 4, is amended to read:

13.21 Subd. 4. ~~Credit to be refundable~~ Method of claiming refund. ~~If the amount of credit~~
 13.22 ~~that the claimant is eligible to receive under this section exceeds the claimant's tax liability~~
 13.23 ~~under this chapter, the commissioner shall refund the excess to the claimant. A claim for~~
 13.24 ~~refund must be filed on a form prescribed by the commissioner no earlier than January 1 of~~
 13.25 ~~the eligible year and no later than April 15 of the calendar year following the eligible year.~~
 13.26 A taxpayer may file only one claim per eligible year. Amounts paid by the commissioner
 13.27 after June 15 of the calendar year in which the refund is claimed must include interest at
 13.28 the rate specified in section 270C.405.

13.29 **EFFECTIVE DATE.** This section is effective for claims made for education-related
 13.30 expenses made in taxable years beginning after December 31, 2019.

14.1 Sec. 9. Minnesota Statutes 2018, section 290.0674, is amended by adding a subdivision
14.2 to read:

14.3 Subd. 4a. **One claimant per household.** A claim for a refund of education-related
14.4 expenses must be made by only one claimant per household. Payment of the refund may
14.5 be made payable to the spouses as one claimant. The commissioner, upon written request,
14.6 may issue separate checks to the spouses for one-half of the relief, provided the original
14.7 check has not been issued or has been returned. Individuals related as spouses who were
14.8 married during the year may elect to file a joint claim which shall include each spouse's
14.9 adjusted gross income. Spouses who were married for the entire year and were domiciled
14.10 in the same household for the entire year must file a joint claim. The maximum dollar amount
14.11 allowable for a joint claim shall not exceed the amount that one individual could receive.
14.12 For purposes of this section, "claimant" means a person, other than a dependent as defined
14.13 under sections 151 and 152 of the Internal Revenue Code, disregarding section 152(b)(3),
14.14 who filed a claim authorized by this section.

14.15 **EFFECTIVE DATE.** This section is effective for claims made for education-related
14.16 expenses made in taxable years beginning after December 31, 2019.

14.17 Sec. 10. Minnesota Statutes 2018, section 290.0674, is amended by adding a subdivision
14.18 to read:

14.19 Subd. 4b. **Claim applied against outstanding liability.** The amount of any claim
14.20 otherwise payable under this section may be applied by the commissioner against any
14.21 delinquent tax liability of any member of the household. If there are two members of the
14.22 household, the commissioner may apply only one-half of a refund to the separate liability
14.23 of the household.

14.24 **EFFECTIVE DATE.** This section is effective for claims made for education-related
14.25 expenses made in taxable years beginning after December 31, 2019.

14.26 Sec. 11. Minnesota Statutes 2018, section 290.0679, subdivision 1, is amended to read:

14.27 Subdivision 1. **Definitions.** (a) "Qualifying taxpayer" means a resident who has a child
14.28 in kindergarten through grade 12 in the ~~current tax~~ eligible year and the taxable year
14.29 immediately preceding the eligible year and who met the income requirements under section
14.30 290.0674, subdivision 2, for receiving the education ~~credit~~ refund in the ~~tax~~ taxable year
14.31 immediately preceding the ~~assignment of the taxpayer's refund~~ eligible year.

14.32 (b) "Education ~~credit~~ refund" means the ~~credit~~ refund allowed under section 290.0674.

15.1 ~~(e)~~ "Refund" means an individual income tax refund.

15.2 ~~(d)~~(c) "Financial institution" means a state or federally chartered bank, savings bank,
15.3 savings association, or credit union.

15.4 ~~(e)~~(d) "Qualifying organization" means a tax-exempt organization under section 501(c)(3)
15.5 of the Internal Revenue Code.

15.6 ~~(f)~~(e) "Assignee" means a financial institution or qualifying organization that is entitled
15.7 to receive payment of a refund assigned under this section.

15.8 **EFFECTIVE DATE.** This section is effective for claims made for education-related
15.9 expenses made in taxable years beginning after December 31, 2019.

15.10 Sec. 12. Minnesota Statutes 2018, section 290.0679, subdivision 2, is amended to read:

15.11 Subd. 2. **Conditions for assignment.** A qualifying taxpayer may assign all or part of
15.12 an anticipated refund for the current and future taxable years to a financial institution or a
15.13 qualifying organization. A financial institution or qualifying organization accepting
15.14 assignment must pay the amount secured by the assignment to a third-party vendor. The
15.15 commissioner of education shall, upon request from a third-party vendor, certify that the
15.16 vendor's products and services qualify for the education ~~credit~~ refund. A denial of a
15.17 certification is subject to the contested case procedure under chapter 14. A financial institution
15.18 or qualifying organization that accepts assignments under this section must verify as part
15.19 of the assignment documentation that the product or service to be provided by the third-party
15.20 vendor has been certified by the commissioner of education as qualifying for the education
15.21 ~~credit~~ refund. The amount assigned for the current and future taxable years may not exceed
15.22 the maximum allowable education ~~credit~~ refund for the current taxable year. Both the
15.23 taxpayer and spouse must consent to the assignment of a refund from a joint return.

15.24 **EFFECTIVE DATE.** This section is effective for claims made for education-related
15.25 expenses made in taxable years beginning after December 31, 2019.

15.26 Sec. 13. **REPEALER.**

15.27 Minnesota Statutes 2018, section 290.0674, subdivision 2a, is repealed.

15.28 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
15.29 31, 2019.

290.0674 MINNESOTA EDUCATION CREDIT.

Subd. 2a. **Income.** (a) For purposes of this section, "income" means the sum of the following:

(1) federal adjusted gross income as defined in section 62 of the Internal Revenue Code; and

(2) the sum of the following amounts to the extent not included in clause (1):

(i) all nontaxable income;

(ii) the amount of a passive activity loss that is not disallowed as a result of section 469, paragraph (i) or (m) of the Internal Revenue Code and the amount of passive activity loss carryover allowed under section 469(b) of the Internal Revenue Code;

(iii) an amount equal to the total of any discharge of qualified farm indebtedness of a solvent individual excluded from gross income under section 108(g) of the Internal Revenue Code;

(iv) cash public assistance and relief;

(v) any pension or annuity (including railroad retirement benefits, all payments received under the federal Social Security Act, Supplemental Security Income, and veterans benefits), which was not exclusively funded by the claimant or spouse, or which was funded exclusively by the claimant or spouse and which funding payments were excluded from federal adjusted gross income in the years when the payments were made;

(vi) interest received from the federal or a state government or any instrumentality or political subdivision thereof;

(vii) workers' compensation;

(viii) nontaxable strike benefits;

(ix) the gross amounts of payments received in the nature of disability income or sick pay as a result of accident, sickness, or other disability, whether funded through insurance or otherwise;

(x) a lump-sum distribution under section 402(e)(3) of the Internal Revenue Code of 1986, as amended through December 31, 1995;

(xi) contributions made by the claimant to an individual retirement account, including a qualified voluntary employee contribution; simplified employee pension plan; self-employed retirement plan; cash or deferred arrangement plan under section 401(k) of the Internal Revenue Code; or deferred compensation plan under section 457 of the Internal Revenue Code;

(xii) nontaxable scholarship or fellowship grants;

(xiii) the amount of deduction allowed under section 199 of the Internal Revenue Code;

(xiv) the amount of deduction allowed under section 220 or 223 of the Internal Revenue Code;

(xv) the amount deducted for tuition expenses under section 222 of the Internal Revenue Code; and

(xvi) the amount deducted for certain expenses of elementary and secondary school teachers under section 62(a)(2)(D) of the Internal Revenue Code.

In the case of an individual who files an income tax return on a fiscal year basis, the term "federal adjusted gross income" means federal adjusted gross income reflected in the fiscal year ending in the next calendar year. Federal adjusted gross income may not be reduced by the amount of a net operating loss carryback or carryforward or a capital loss carryback or carryforward allowed for the year.

(b) "Income" does not include:

(1) amounts excluded pursuant to the Internal Revenue Code, sections 101(a) and 102;

(2) amounts of any pension or annuity that were exclusively funded by the claimant or spouse if the funding payments were not excluded from federal adjusted gross income in the years when the payments were made;

(3) surplus food or other relief in kind supplied by a governmental agency;

(4) relief granted under chapter 290A;

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(5) child support payments received under a temporary or final decree of dissolution or legal separation; and

(6) restitution payments received by eligible individuals and excludable interest as defined in section 803 of the Economic Growth and Tax Relief Reconciliation Act of 2001, Public Law 107-16.