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State of Minnesota  
HOUSE OF REPRESENTATIVES

EIGHTY-NINTH SESSION

H. F. No. 667

- 02/09/2015 Authored by Anderson, S.; Davids; Loon; Erickson; Baker and others  
The bill was read for the first time and referred to the Committee on Education Innovation Policy
- 02/18/2015 Adoption of Report: Re-referred to the Committee on Education Finance
- 03/04/2015 Adoption of Report: Re-referred to the Committee on Taxes

1.1 A bill for an act  
 1.2 relating to taxation; individual income; modifying the K-12 education expense  
 1.3 credit; increasing the credit amount and increasing the income phaseout for the  
 1.4 credit; adjusting the credit phaseout threshold for inflation; amending Minnesota  
 1.5 Statutes 2014, section 290.0674, subdivision 2, by adding a subdivision.

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

1.7 Section 1. Minnesota Statutes 2014, section 290.0674, subdivision 2, is amended to read:

1.8 Subd. 2. **Limitations.** (a) For claimants with income not greater than ~~\$33,500~~  
 1.9 \$50,000, the maximum credit allowed for a family is ~~\$1,000~~ \$1,500 multiplied by  
 1.10 the number of qualifying children in kindergarten through grade 12 in the family. The  
 1.11 maximum credit for families with one qualifying child in kindergarten through grade 12  
 1.12 is reduced by \$1 for each ~~\$4~~ \$10 of household income over ~~\$33,500~~, and the maximum  
 1.13 credit for families with two or more qualifying children in kindergarten through grade  
 1.14 ~~12 is reduced by \$2 for each \$4 of household income over \$33,500~~ \$50,000, but in no  
 1.15 case is the credit less than zero.

1.16 For purposes of this section "income" has the meaning given in section 290.067,  
 1.17 subdivision 2a. In the case of a married claimant, a credit is not allowed unless a joint  
 1.18 income tax return is filed.

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

1.22 **EFFECTIVE DATE.** This section is effective for taxable years beginning after  
 1.23 December 31, 2014.

2.1 Sec. 2. Minnesota Statutes 2014, section 290.0674, is amended by adding a subdivision  
2.2 to read:

2.3 Subd. 6. **Inflation adjustment.** The income threshold at which the maximum credit  
2.4 begins to be reduced in subdivision 2 must be adjusted for inflation. The commissioner  
2.5 shall adjust the income threshold by the percentage determined pursuant to the provisions  
2.6 of section 1(f) of the Internal Revenue Code, except that in section 1(f)(3)(B), the word  
2.7 "2014" shall be substituted for the word "1992." For 2016, the commissioner shall then  
2.8 determine the percent change from the 12 months ending on August 31, 2014, to the 12  
2.9 months ending on August 31, 2015, and in each subsequent year, from the 12 months  
2.10 ending August 31, 2014, to the 12 months ending on August 31 of the year preceding  
2.11 the taxable year. The income threshold as adjusted for inflation must be rounded to the  
2.12 nearest \$10 amount. If the amount ends in \$5, the amount is rounded up to the nearest  
2.13 \$10 amount. The determination of the commissioner under this subdivision is not a rule  
2.14 under the Administrative Procedure Act.

2.15 **EFFECTIVE DATE.** This section is effective for taxable years beginning after  
2.16 December 31, 2014.