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S.F. No. 1251 – K-12 credit modifications

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The Minnesota credit for K-12 expenses equals of 75 percent of the amount paid for certain education-related expenses for a qualifying child in kindergarten through grade 12. Qualifying expenses include tutoring fees, textbooks and other instructional materials, certain personal computer hardware and software, and transportation expenses. The credit equals \$1,000, multiplied by the number of qualifying children, for taxpayers with income not greater than \$33,500. For families with income greater than \$33,500, the credit phases out at different levels depending on the number of qualifying children. The credit is refundable.

Section 1. Credit allowed; definitions. Increases the amount that may be used for computer hardware and software expenses to \$300 and allows monthly internet service charges to be included in the expenses used to claim the credit. Effective retroactively to tax year 2020.

Section 2. Limitations. Increases the income threshold at which the credit starts to phase out to \$45,000 and requires the credit to be adjusted annually for inflation. Effective beginning in tax year 2021.

Section 3. Refunds for tax year 2020. Requires the commissioner to provide a means by which taxpayers may claim a refund if they are eligible under the change made in section 1.