

HOUSE RESEARCH

Bill Summary

FILE NUMBER: H.F. 40

DATE: January 17, 2007

Version: As introduced

Authors: Thissen

Subject: Employer tax credit for education expenses

Analyst: Kathy Novak 651-296-9253

This publication can be made available in alternative formats upon request. Please call 651-296-6753 (voice); or the Minnesota State Relay Service at 1-800-627-3529 (TTY) for assistance. Summaries are also available on our website at: www.house.mn/hrd.

This bill authorizes a state income tax credit for postsecondary educational expenses paid by an employer for employees who work 30 hours or more per week at a pay rate of less than \$12 per hour. The credit against state individual or corporate income taxes is equal to 30 percent of the cost of tuition and fees in a postsecondary program, up to a maximum of \$2,000 per year for each participating employee. Tuition and fees for graduate education programs do not qualify as an educational expense for the state tax credit.

To be eligible for the state credit, a postsecondary educational program must qualify as educational assistance as defined by the Internal Revenue Code for employee benefit programs. Under these programs, participating employers may exclude from taxable income up to \$5,250 of educational assistance per employee, per year and the value of the educational assistance is excluded from an employee's taxable income.