

HOUSE RESEARCH

Bill Summary

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Subject: Income tax credit for parent volunteers at schools and child cares

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Overview

Provides a refundable income tax credit of up to \$2,400 to parents for volunteering at their child's school or child care, beginning in tax year 2006.

Section

1 Volunteer credit.

Subd. 1. Credit allowed. Allows a credit for parents who volunteer at their child's school or childcare. The credit equals \$10 per hour for up to 20 hours per month. The maximum credit is \$2,400 per year for volunteering plus up to \$25 for the cost of a background check if required by the school.

Subd. 2. Definitions. Defines the following terms

- "Qualifying volunteer service" means direct involvement in classroom or child care educational activities, excluding conferences or other volunteer activities at the school or child care location.
- "School" means a public school, nonpublic school, or a home-school located in Minnesota
- "Child care" means a nonresidential child care center or home located in

Section

Minnesota and licensed under chapter 245A

- "Child" means an individual who meets four tests specified in the Internal Revenue Code:
 - is the child or sibling of the taxpayer
 - lives with the taxpayer for more than half the year
 - is under age 19 or is a student and under age 24; and
 - provides less than half of his or her own support

Subd. 3. Limitations. Provides for the credit to phase out when taxpayer income exceeds a threshold. For married couples filing joint returns, the credit would begin to phase out when income exceeds \$66,000, and no credit would be allowed for taxpayers with income of \$78,000 or higher. For all other taxpayers, the credit would begin to phase out when income exceeds \$33,000, and no credit would be allowed for taxpayers with income of \$45,000 or higher.

Subd. 4. Credit refundable. Makes the credit refundable. Taxpayers who qualify for a credit that is larger than their tax liability would receive the amount in excess of their liability as a refund.

Subd. 5. Appropriation. Appropriates money from the general fund to pay for refunds authorized under subdivision 4.

Effective for tax year 2007 and following years.