

HOUSE RESEARCH

Bill Summary

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Overview

Allows a refundable individual income tax credit of up to \$1,000 per person for tuition expenses in grades K-12 and postsecondary education.

Section

1 Universal tuition credit.

Subd. 1. Credit allowed. Allows an income tax credit of up to \$1,000 in qualifying education expenses for each qualified beneficiary.

Subd. 2. Definitions. Defines "qualifying education expenses" to mean

- amounts paid to a public school for all-day kindergarten,
- tuition paid for elementary or secondary education at a school located in Minnesota at which a student may fulfill the state's compulsory attendance laws, and
- the amount paid to an eligible postsecondary institution, defined by reference to mean all public institutions located in Minnesota and private institutions that meet the regulatory standards of the Office of Higher Education (this includes most private institutions)

Defines "qualified beneficiary" to mean the taxpayer, taxpayer's spouse, or dependent child.

Section

Subd. 3. Credit refundable. Provides that if the amount of credit for which a taxpayer is eligible is greater than the taxpayer's liability, the excess is paid to the taxpayer as a refund.

Subd. 4. Appropriation. Appropriates money needed to pay the refunds under subdivision 3.

Effective for tax year 2006 only.

Under current law, Minnesota allows a K-12 education credit equal to 75 percent of qualifying expenses low-income parents of children in grades K-12. The maximum credit is \$1,000 per child, and amounts paid to public schools for all-day kindergarten