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Allows a refundable individual income tax credit equal to 50 percent of the educator expense deduction allowed under the federal income tax. The maximum deduction is \$250 in tax year 2017, and is adjusted each year for inflation, so the maximum credit in tax year 2017 would be \$125. Married couples filing jointly in which each spouse is an educator may each claim the deduction and would each be eligible to claim the proposed credit. The federal deduction is incorporated into the calculation of federal taxable income, which is the starting point for Minnesota taxable income. Under the bill educators would benefit from both the deduction and the proposed credit at the state level.

Background: The federal deduction is allowed for ordinary and necessary expenses of individuals who work as teachers, instructors, counselors, principals, and aides in a K-12 school for at least 900 hours during the school year. Ordinary and necessary expenses include books, supplies, equipment, and expenses related to professional development courses related to the curriculum in which the educator provides instruction.

Effective date: tax year 2017