

Subject Income definition used for the K-12 credit changed to household income

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Summary

Minnesota's education credit is phased out for taxpayers with household income greater than \$33,500. Household income is an income measure based on federal adjusted gross income, but additionally includes many kinds of income that are nontaxable federally. Among others, a few examples of nontaxable income that are included in household income include:

- Nontaxable Social Security income
- Cash public assistance
- State or federal bond interest
- Workers compensation
- Nontaxable retirement account contributions
- Nontaxable scholarships or fellowship grants
- Certain federal above-the-line deductions

H.F. 3574 would change the income measure used to phase out the education credit. Under the bill, the credit would be based on federal adjusted gross income.