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State of Minnesota
HOUSE OF REPRESENTATIVES

EIGHTY-FIFTH
SESSION

HOUSE FILE No. **263**

January 22, 2007

Authored by Paulsen, Buesgens, Brod and Erickson

The bill was read for the first time and referred to the Committee on Taxes

1.1 A bill for an act
1.2 relating to taxation; income tax; providing for an education credit inflation
1.3 adjustment; amending Minnesota Statutes 2006, section 290.0674, by adding a
1.4 subdivision.

1.5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.6 Section 1. Minnesota Statutes 2006, section 290.0674, is amended by adding a
1.7 subdivision to read:

1.8 Subd. 6. Inflation adjustment. The income threshold at which the maximum credit
1.9 begins to be reduced in subdivision 2 must be adjusted for inflation. The commissioner
1.10 shall adjust by the percentage determined pursuant to the provisions of section 1(f) of
1.11 the Internal Revenue Code, except that in section 1(f)(3)(B) the word "2005" shall be
1.12 substituted for the word "1992." For 2007, the commissioner shall then determine the
1.13 percent change from the 12 months ending on August 31, 2005, to the 12 months ending
1.14 on August 31, 2006, and in each subsequent year, from the 12 months ending August 31,
1.15 2005, to the 12 months ending on August 31 of the year preceding the taxable year. The
1.16 earned income thresholds as adjusted for inflation must be rounded to the nearest \$10
1.17 amount. If the amount ends in \$5, the amount is rounded up to the nearest \$10 amount.
1.18 The determination of the commissioner under this subdivision is not a rule under the
1.19 Administrative Procedure Act.

1.20 EFFECTIVE DATE. This section is effective for tax years beginning after
1.21 December 31, 2006.