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State of Minnesota
HOUSE OF REPRESENTATIVES

EIGHTY-FIFTH
SESSION

HOUSE FILE No. **704**

February 8, 2007

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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 taxes; providing an income tax credit for tuition of
1.3 qualified beneficiaries; appropriating money; proposing coding for new law in
1.4 Minnesota Statutes, chapter 290.

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

1.6 Section 1. [290.0678] UNIVERSAL TUITION CREDIT.

1.7 Subdivision 1. Credit allowed. A taxpayer is allowed a credit against the tax due
1.8 under this chapter equal to the amount paid for qualifying education expenses on behalf of
1.9 a qualified beneficiary. The maximum total credit allowed is \$1,000 for each qualified
1.10 beneficiary.

1.11 Subd. 2. Definitions. (a) For purposes of this section, the following terms have
1.12 the meanings given.

1.13 (b) "Qualifying education expenses" means:

1.14 (1) the amount paid to a Minnesota public school for a child attending an all-day,
1.15 everyday kindergarten program;

1.16 (2) the amount paid for tuition of a child attending an elementary or secondary
1.17 school situated in Minnesota wherein a resident of this state may legally fulfill the state's
1.18 compulsory attendance laws; or

1.19 (3) the amount paid to an eligible postsecondary educational institution as defined in
1.20 section 136A.101, subdivision 4.

1.21 (c) "Qualified beneficiary" means the taxpayer, the taxpayer's spouse, or the
1.22 taxpayer's dependent child as claimed in that taxable year.

2.1 Subd. 3. **Credit refundable.** If the amount of the credit which the taxpayer is
2.2 eligible to receive under this section exceeds the individual's tax liability for tax under this
2.3 chapter, the commissioner shall refund the excess to the taxpayer.

2.4 Subd. 4. **Appropriation.** An amount sufficient to pay the refunds required by this
2.5 section is appropriated to the commissioner from the general fund.

2.6 **EFFECTIVE DATE.** This section is effective for taxable years beginning after
2.7 December 31, 2005, and before January 1, 2007.