

**SENATE
STATE OF MINNESOTA
NINETY-THIRD SESSION**

S.F. No. 3918

(SENATE AUTHORS: GUSTAFSON, Dibble, Hauschild, Frentz and Duckworth)
DATE 02/19/2024 D-PG Introduction and first reading OFFICIAL STATUS Referred to Taxes

1.1 A bill for an act
1.2 relating to taxation; individual income; establishing a refundable credit for certain
1.3 teachers; proposing coding for new law in Minnesota Statutes, chapter 290.

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

1.5 Section 1. 290.0696 **TEACHER CREDIT.**

1.6 Subdivision 1. Definitions. (a) For purposes of this section, the following terms have
1.7 the meanings given.

1.8 (b) "Eligible full-year teacher" means an individual who is a kindergarten through grade
1.9 12 teacher with a teaching position equivalent to at least 0.6 full-time equivalent, and:

1.10 (1) holds a valid Tier 1, Tier 2, Tier 3, or Tier 4 teaching license issued by the Professional
1.11 Educator Licensing and Standards Board under section 122A.18; and

1.12 (2) completes at least 150 student contact days of teaching service each school year,
1.13 excluding days devoted to parent-teacher conferences, teachers' workshops, other staff
1.14 development opportunities, and days on which a teacher is absent from school.

1.15 (c) "Eligible part-year teacher" means an individual who is a kindergarten through grade
1.16 12 teacher with a teaching position equivalent to at least 0.6 full-time equivalent, and:

1.17 (1) holds a valid Tier 1, Tier 2, Tier 3, or Tier 4 teaching license issued by the Professional
1.18 Educator Licensing and Standards Board under section 122A.18; and

1.19 (2) completes at least 75, but fewer than 150, student contact days of teaching service
1.20 each school year, excluding days devoted to parent-teacher conferences, teachers' workshops,
1.21 other staff development opportunities, and days on which a teacher is absent from school.

2.1 (d) "Eligible teacher" means an eligible full-year teacher or eligible part-year teacher.

2.2 (e) "Threshold amount" means:

2.3 (1) \$60,000 for an eligible full-year teacher; and

2.4 (2) \$30,000 for an eligible part-year teacher.

2.5 (f) "Qualifying wages" means the amount of wages earned as an eligible teacher as
2.6 reported under subdivision 3.

2.7 Subd. 2. **Credit allowed.** (a) An eligible full-year teacher whose qualifying wages are
2.8 less than the threshold amount under subdivision 1, paragraph (e), clause (1), is allowed a
2.9 credit equal to \$15,000.

2.10 (b) An eligible part-year teacher whose qualifying wages are less than the threshold
2.11 amount under subdivision 1, paragraph (e), clause (2), is allowed a credit equal to \$7,500.

2.12 (c) An eligible full-year teacher or eligible part-year teacher whose qualifying wages
2.13 exceed the threshold amount is allowed a credit equal to \$2,000.

2.14 (d) In the case of a married couple, each spouse is eligible for the credit in this section.

2.15 Subd. 3. **Statement of qualifying wages.** By January 15 of each year, an employer of
2.16 an eligible teacher must provide a statement to each eligible teacher and submit a copy of
2.17 the statement to the commissioner. The statement must be in a form and manner prescribed
2.18 by the commissioner. The statement must include the amount of qualifying wages earned
2.19 in the previous calendar year by the eligible teacher and the number of student contact days
2.20 of teaching service in the previous calendar year by the eligible teacher.

2.21 Subd. 4. **Credit refundable; appropriation.** If the amount of credit that the claimant
2.22 is eligible to receive under this section exceeds the claimant's tax liability under this chapter,
2.23 the commissioner shall refund the excess to the claimant. An amount sufficient to pay the
2.24 refunds required by this section is appropriated to the commissioner from the general fund.

2.25 Subd. 5. **Inflation adjustment.** The commissioner of revenue must annually adjust the
2.26 threshold amount and the credit amounts in subdivision 2, paragraphs (a) to (c), for inflation,
2.27 as provided in section 270C.22. The statutory year is taxable year 2024.

2.28 Subd. 6. **Advance payment of credits.** (a) The commissioner may establish a process
2.29 to allow a taxpayer to elect to receive one or more advance payments of the credit under
2.30 this section. The amount of advance payments must be based on the taxpayer's and
2.31 commissioner's estimate of the amount of credit for which the taxpayer would be eligible
2.32 in the taxable year beginning in the calendar year in which the payments were made. The

3.1 commissioner must not distribute advance payments to a taxpayer who does not elect to
3.2 receive advance payments.

3.3 (b) The amount of a taxpayer's credit under this section for the taxable year is reduced
3.4 by the amount of advance payments received by the taxpayer in the calendar year during
3.5 which the taxable year began. If the total amount of the advanced payments the taxpayer
3.6 received for the taxable year exceeds the credit the taxpayer was eligible to receive for the
3.7 taxable year, the taxpayer's liability for tax is increased by the difference between the amount
3.8 of advance payments received and the credit amount.

3.9 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
3.10 31, 2023.