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S.F. No. 3918 – Teacher tax credit (as proposed to be amended by the A-3 amendment)

Author: Senator Heather Gustafson

Prepared by: Nora Pollock, Senate Counsel (651/297-8066)

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Subd. 1. Definitions. Defines terms applicable to the credit. In pertinent part:

Eligible full-year teacher is K-12 teacher:

- with a teaching position equivalent to at least .8 FTE or a combination of .8 FTE among all employers;
- who holds a valid Tier 1, 2, 3, or 4 license;
- who completes at least 150 student contact days of teaching service each school year; and
- does not provide instruction to a child at a homeschool.

Eligible part-year teacher is a K-12 teacher who meets all of the above requirements, except that the teacher must complete at least 75, but fewer than 150, hours of student contact days of teaching service each school year.

Threshold amount means \$60,000 for an eligible full-year teacher, and \$30,000 for an eligible part-year teacher.

Qualifying wages means the amount of wages earned as an eligible full- or part-year teacher, as reported under subdivision 3.

Subd. 2. Credit allowed. Provides a refundable income tax credit equal to \$15,000 for an eligible full-year teacher whose qualifying wages are less than or equal to \$60,000, or \$7,500 for an eligible part-year teacher whose qualifying wages are less than or equal to \$35,000. For an eligible full- or part-year teacher whose qualifying wages exceed the threshold amounts, the credit equals \$2,000.

Subd. 3. Statement of qualifying wages. Requires employers to provide teachers a statement that includes the FTE level, amount of qualifying wages earned, and the number of student contact days for each teacher for the previous tax year, and submit a copy of the statement to the commissioner.

Subd. 4. Credit refundable; appropriation. Requires the commissioner to refund the excess of the credit amount and the eligible full- or part-year teacher's tax liability and appropriates an amount to pay the refunds.

Subd. 5. Inflation adjustment. Provides that the threshold and credit amounts are adjusted annually for inflation, beginning in tax year 2025.

Subd. 6. Advance payment of credits. Allows the commissioner to establish a process for issuing advance payments of the credit to the full- or part-year teacher, if a full- or part-year teacher elects to receive advance payments.

Effective for taxable years beginning after December 31, 2023.