

# MINNESOTA • REVENUE

## INDIVIDUAL INCOME TAX Deduction for Qualified Tuition

February 20, 2014

Department of Revenue  
Analysis of H.F. 2024 (Loeffler)

	Yes	No
DOR Administrative Costs/Savings	X	

### Fund Impact

	<u>F.Y. 2014</u>	<u>F.Y. 2015</u>	<u>F.Y. 2016</u>	<u>F.Y. 2017</u>
General Fund	(\$5,600)	\$0	\$0	\$0

(000's)

Effective for tax year 2013.

### EXPLANATION OF THE BILL

**Current Law:** In 2001 a federal deduction was enacted for qualified higher education tuition and related expenses paid by the taxpayer. The deduction was effective for tax years 2002 through 2005 and was extended, two years at a time, through tax year 2013. Minnesota conformed to the deduction for tax years 2002 through 2006 and for 2010 through 2012. Minnesota did not conform for tax years 2007, 2008, 2009, and 2013.

The maximum deduction is \$4,000 per return for taxpayers with modified adjusted gross income that does not exceed \$65,000 (\$130,000 for joint returns). For taxpayers with income between \$65,000 and \$80,000 (between \$130,000 and \$160,000 for joint returns), the maximum deduction is \$2,000. No deduction is allowed to a taxpayer whose income exceeds these limits.

**Proposed Law:** Minnesota would conform to the federal tuition deduction which is in effect for tax year 2013.

### REVENUE ANALYSIS DETAIL

- The estimate is based on the estimates for the federal legislation prepared by the staff of the Joint Committee on Taxation dated January 1, 2013.
- The federal estimate was apportioned to Minnesota and adjusted for the difference between federal and state tax rates.
- The revenue impact is shown in FY 2014 assuming enactment early in the legislative session. If enactment occurs at the end of the session, some or all of the impact would shift to FY 2015.

Source: Minnesota Department of Revenue  
Tax Research Division  
[www.revenue.state.mn.us/research\\_stats/Pages/  
Revenue-Analyses.aspx](http://www.revenue.state.mn.us/research_stats/Pages/Revenue-Analyses.aspx)