

Subject Refundable tax credit for qualified child care professionals

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Date February 24, 2021

Overview

H.F. 1125 establishes a refundable individual income tax credit for child care professionals who work at Parent Aware rated child care facilities (centers or family child care providers). The credit amount would range from \$1,000 to \$3,000 per year, depending on the career lattice step attained by the child care professional.

Summary

Section	Description
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1	Child care professional supply and retention credit.
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Establishes a credit for child care professionals, ranging from \$1,000 to \$3,000 depending on the professional's career lattice step level.

Subd. 1. Credit allowed for child care professionals. Allows individual taxpayers who are child care professionals an income tax credit. The credit is limited to employment at one child care facility per taxable year. The amount of the credit scales with the professional's career lattice step, as follows:

- \$1,000 for child care professionals with a career lattice step level equal to a child development associate.
- \$2,500 for a child care professional with a career lattice step that represents an associate's degree.
- \$3,000 for a child care professional with a career lattice step that represents a bachelor's degree or higher.

The credit amounts would be adjusted annually for inflation using the Chained Consumer Price Index for All Urban Consumers.

Subd. 2. Definitions. Defines terms used by the credit, as follows.

Section **Description**

“Career lattice step” means the qualification level assigned to a child care professional on Develop, the Minnesota quality improvement and registry tool operated by the Department of Human Services (DHS).

“Child care facility” means a child care center, family child care provider, or tribally licensed child care provider that had a quality rating of at least one star during the taxable year.

“Quality rating” means the Parent Aware quality rating and improvement system rating awarded to a child care facility by DHS.

Subd. 3. Allocation for nonresidents or part-year residents. Requires that the credit for nonresidents is allocated based on their Minnesota residency percentage.

Subd. 4. Credit refundable. Allows the credit to be refundable, meaning a taxpayer whose credit exceeds their state tax liability will receive the difference as a refund.

Subd. 5. Appropriation. Appropriates funds necessary to pay the credit to the Department of Revenue.

Effective for taxable years 2021 and later.



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