

April 16, 2025

	Yes	No
DOR Administrative Costs/Savings	X	

Department of Revenue

Analysis of S. F. 186 (Gustafson), As Proposed to be Amended (SCS0186A-3)

	<b>Fund Impact</b>			
	<b><u>F.Y. 2026</u></b>	<b><u>F.Y. 2027</u></b>	<b><u>F.Y. 2028</u></b>	<b><u>F.Y. 2029</u></b>
	(000's)			
General Fund	(\$97,200)	(\$99,900)	(\$102,400)	\$0

Effective for tax years 2025 through 2027.

## EXPLANATION OF THE BILL

The bill creates a refundable income tax credit of \$1,200 for eligible teachers. A teacher eligible for the credit must have a full-time teaching position and be:

- A K-12 licensed teacher in Minnesota Public or Charter Schools; or
- A teacher that teaches in a preschool, school readiness, school readiness plus, or prekindergarten program or other school district or charter school-based early education program.

The bill does not provide a definition of a teaching position. It is assumed that a principal who has the valid license and meets the number of required student contact days would be eligible for the credit. However, teachers who provide instruction to a child at a homeschool would not be eligible for the credit.

For a married couple, each spouse is eligible for the credit.

## REVENUE ANALYSIS DETAIL

- According to the report “2023 Tiered Licensure & Permissions Report” by the Minnesota Professional Educator Licensing and Standards Board (PELSB), there were about 114,000 active teaching licenses in Minnesota at the end of the 2022-2023 academic year.
- In terms of head count, about 70,000 licensed teachers were employed in public schools, 7,000 in charter schools, and 6,900 in other educational institutions.
- Of the licensed teachers in public schools, 64,600 are full-time teachers (93.8%), and 4,300 (6.2%) are part-time teachers.
- In charter schools, it is estimated that there are about 6,700 full-time teachers and 400 part-time teachers.
- Based on “Schools, Districts, and Teachers at a glance” by Minnesota Department of Education, there are 1,727 prekindergarten and school readiness teachers in Minnesota public schools, accounting for about 3% of all teachers in public schools.
- It is estimated that about 1,800 teachers that have taught in preschool, school readiness, school readiness plus, or prekindergarten program or other school district or charter school-based early education program in Minnesota.

**REVENUE ANALYSIS DETAIL (Cont.)**

- A growth rate of 0.03% is applied to reflect the growth in the number of teaching licenses, based on PELSB's "2023 Tiered Licensure and Permissions Report."
- Chained-CPI growth rate is applied to account for the credit to be adjusted by inflation.
- Tax year impacts are allocated to the following fiscal year.

**Number of Taxpayers:** About 73,100 filers would benefit from the proposal in tax year 2025.

Minnesota Department of Revenue  
Tax Research Division

[https://www.revenue.state.mn.us/  
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