

1.1 moves to amend H.F. No. 1368 as follows:

1.2 Delete everything after the enacting clause and insert:

1.3 "Section 1. Minnesota Statutes 2014, section 124D.13, subdivision 6, is amended to
1.4 read:

1.5 Subd. 6. **Participants' fees.** A district must establish a reasonable sliding fee scale,
1.6 and must accept education scholarships funded by contributions that qualify for the tax
1.7 credit in section 290.0678, but it shall waive the fee for a participant who is unable to pay
1.8 and does not have a scholarship.

1.9 **EFFECTIVE DATE.** This section is effective the day following final enactment.

1.10 Sec. 2. Minnesota Statutes 2014, section 124D.15, subdivision 12, is amended to read:

1.11 Subd. 12. **Program fees.** A district must adopt a sliding fee schedule based on a
1.12 family's income, and must accept education scholarships funded by contributions that
1.13 qualify for the tax credit in section 290.0678, but must waive a fee for a participant
1.14 who is unable to pay and does not have a scholarship. School districts must use school
1.15 readiness aid for eligible children. Children who do not meet the eligibility requirements
1.16 in subdivision 15 may participate on a fee-for-service basis.

1.17 **EFFECTIVE DATE.** This section is effective the day following final enactment.

1.18 Sec. 3. Minnesota Statutes 2014, section 290.01, subdivision 19a, is amended to read:

1.19 Subd. 19a. **Additions to federal taxable income.** For individuals, estates, and
1.20 trusts, there shall be added to federal taxable income:

1.21 (1)(i) interest income on obligations of any state other than Minnesota or a political
1.22 or governmental subdivision, municipality, or governmental agency or instrumentality
1.23 of any state other than Minnesota exempt from federal income taxes under the Internal
1.24 Revenue Code or any other federal statute; and

2.1 (ii) exempt-interest dividends as defined in section 852(b)(5) of the Internal Revenue
2.2 Code, except:

2.3 (A) the portion of the exempt-interest dividends exempt from state taxation under
2.4 the laws of the United States; and

2.5 (B) the portion of the exempt-interest dividends derived from interest income
2.6 on obligations of the state of Minnesota or its political or governmental subdivisions,
2.7 municipalities, governmental agencies or instrumentalities, but only if the portion of the
2.8 exempt-interest dividends from such Minnesota sources paid to all shareholders represents
2.9 95 percent or more of the exempt-interest dividends, including any dividends exempt
2.10 under subitem (A), that are paid by the regulated investment company as defined in section
2.11 851(a) of the Internal Revenue Code, or the fund of the regulated investment company as
2.12 defined in section 851(g) of the Internal Revenue Code, making the payment; and

2.13 (iii) for the purposes of items (i) and (ii), interest on obligations of an Indian tribal
2.14 government described in section 7871(c) of the Internal Revenue Code shall be treated as
2.15 interest income on obligations of the state in which the tribe is located;

2.16 (2) the amount of income, sales and use, motor vehicle sales, or excise taxes paid or
2.17 accrued within the taxable year under this chapter and the amount of taxes based on net
2.18 income paid, sales and use, motor vehicle sales, or excise taxes paid to any other state or
2.19 to any province or territory of Canada, to the extent allowed as a deduction under section
2.20 63(d) of the Internal Revenue Code, but the addition may not be more than the amount
2.21 by which the state itemized deduction exceeds the amount of the standard deduction as
2.22 defined in section 63(c) of the Internal Revenue Code, minus any addition that would have
2.23 been required under clause (17) if the taxpayer had claimed the standard deduction. For
2.24 the purpose of this clause, income, sales and use, motor vehicle sales, or excise taxes are
2.25 the last itemized deductions disallowed under clause (15);

2.26 (3) the capital gain amount of a lump-sum distribution to which the special tax under
2.27 section 1122(h)(3)(B)(ii) of the Tax Reform Act of 1986, Public Law 99-514, applies;

2.28 (4) the amount of income taxes paid or accrued within the taxable year under this
2.29 chapter and taxes based on net income paid to any other state or any province or territory
2.30 of Canada, to the extent allowed as a deduction in determining federal adjusted gross
2.31 income. For the purpose of this paragraph, income taxes do not include the taxes imposed
2.32 by sections 290.0922, subdivision 1, paragraph (b), 290.9727, 290.9728, and 290.9729;

2.33 (5) the amount of expense, interest, or taxes disallowed pursuant to section 290.10
2.34 other than expenses or interest used in computing net interest income for the subtraction
2.35 allowed under subdivision 19b, clause (1);

3.1 (6) the amount of a partner's pro rata share of net income which does not flow
3.2 through to the partner because the partnership elected to pay the tax on the income under
3.3 section 6242(a)(2) of the Internal Revenue Code;

3.4 (7) 80 percent of the depreciation deduction allowed under section 168(k) of the
3.5 Internal Revenue Code. For purposes of this clause, if the taxpayer has an activity that
3.6 in the taxable year generates a deduction for depreciation under section 168(k) and the
3.7 activity generates a loss for the taxable year that the taxpayer is not allowed to claim for
3.8 the taxable year, "the depreciation allowed under section 168(k)" for the taxable year is
3.9 limited to excess of the depreciation claimed by the activity under section 168(k) over the
3.10 amount of the loss from the activity that is not allowed in the taxable year. In succeeding
3.11 taxable years when the losses not allowed in the taxable year are allowed, the depreciation
3.12 under section 168(k) is allowed;

3.13 (8) 80 percent of the amount by which the deduction allowed by section 179 of the
3.14 Internal Revenue Code exceeds the deduction allowable by section 179 of the Internal
3.15 Revenue Code of 1986, as amended through December 31, 2003;

3.16 (9) to the extent deducted in computing federal taxable income, the amount of the
3.17 deduction allowable under section 199 of the Internal Revenue Code;

3.18 (10) the amount of expenses disallowed under section 290.10, subdivision 2;

3.19 (11) for taxable years beginning before January 1, 2010, the amount deducted for
3.20 qualified tuition and related expenses under section 222 of the Internal Revenue Code, to
3.21 the extent deducted from gross income;

3.22 (12) for taxable years beginning before January 1, 2010, the amount deducted for
3.23 certain expenses of elementary and secondary school teachers under section 62(a)(2)(D)
3.24 of the Internal Revenue Code, to the extent deducted from gross income;

3.25 (13) discharge of indebtedness income resulting from reacquisition of business
3.26 indebtedness and deferred under section 108(i) of the Internal Revenue Code;

3.27 (14) changes to federal taxable income attributable to a net operating loss that the
3.28 taxpayer elected to carry back for more than two years for federal purposes but for which
3.29 the losses can be carried back for only two years under section 290.095, subdivision
3.30 11, paragraph (c);

3.31 (15) the amount of disallowed itemized deductions, but the amount of disallowed
3.32 itemized deductions plus the addition required under clause (2) may not be more than the
3.33 amount by which the itemized deductions as allowed under section 63(d) of the Internal
3.34 Revenue Code exceeds the amount of the standard deduction as defined in section 63(c) of
3.35 the Internal Revenue Code, and reduced by any addition that would have been required
3.36 under clause (17) if the taxpayer had claimed the standard deduction:

- 4.1 (i) the amount of disallowed itemized deductions is equal to the lesser of:
- 4.2 (A) three percent of the excess of the taxpayer's federal adjusted gross income
- 4.3 over the applicable amount; or
- 4.4 (B) 80 percent of the amount of the itemized deductions otherwise allowable to the
- 4.5 taxpayer under the Internal Revenue Code for the taxable year;
- 4.6 (ii) the term "applicable amount" means \$100,000, or \$50,000 in the case of a
- 4.7 married individual filing a separate return. Each dollar amount shall be increased by
- 4.8 an amount equal to:
- 4.9 (A) such dollar amount, multiplied by
- 4.10 (B) the cost-of-living adjustment determined under section 1(f)(3) of the Internal
- 4.11 Revenue Code for the calendar year in which the taxable year begins, by substituting
- 4.12 "calendar year 1990" for "calendar year 1992" in subparagraph (B) thereof;
- 4.13 (iii) the term "itemized deductions" does not include:
- 4.14 (A) the deduction for medical expenses under section 213 of the Internal Revenue
- 4.15 Code;
- 4.16 (B) any deduction for investment interest as defined in section 163(d) of the Internal
- 4.17 Revenue Code; and
- 4.18 (C) the deduction under section 165(a) of the Internal Revenue Code for casualty or
- 4.19 theft losses described in paragraph (2) or (3) of section 165(c) of the Internal Revenue
- 4.20 Code or for losses described in section 165(d) of the Internal Revenue Code;
- 4.21 (16) the amount of disallowed personal exemptions for taxpayers with federal
- 4.22 adjusted gross income over the threshold amount:
- 4.23 (i) the disallowed personal exemption amount is equal to the number of personal
- 4.24 exemptions allowed under section 151(b) and (c) of the Internal Revenue Code multiplied
- 4.25 by the dollar amount for personal exemptions under section 151(d)(1) and (2) of the
- 4.26 Internal Revenue Code, as adjusted for inflation by section 151(d)(4) of the Internal
- 4.27 Revenue Code, and by the applicable percentage;
- 4.28 (ii) "applicable percentage" means two percentage points for each \$2,500 (or
- 4.29 fraction thereof) by which the taxpayer's federal adjusted gross income for the taxable
- 4.30 year exceeds the threshold amount. In the case of a married individual filing a separate
- 4.31 return, the preceding sentence shall be applied by substituting "\$1,250" for "\$2,500." In
- 4.32 no event shall the applicable percentage exceed 100 percent;
- 4.33 (iii) the term "threshold amount" means:
- 4.34 (A) \$150,000 in the case of a joint return or a surviving spouse;
- 4.35 (B) \$125,000 in the case of a head of a household;

5.1 (C) \$100,000 in the case of an individual who is not married and who is not a
5.2 surviving spouse or head of a household; and

5.3 (D) \$75,000 in the case of a married individual filing a separate return; and

5.4 (iv) the thresholds shall be increased by an amount equal to:

5.5 (A) such dollar amount, multiplied by

5.6 (B) the cost-of-living adjustment determined under section 1(f)(3) of the Internal
5.7 Revenue Code for the calendar year in which the taxable year begins, by substituting
5.8 "calendar year 1990" for "calendar year 1992" in subparagraph (B) thereof; and

5.9 (17) to the extent deducted in the computation of federal taxable income, for taxable
5.10 years beginning after December 31, 2010, and before January 1, 2014, the difference
5.11 between the standard deduction allowed under section 63(c) of the Internal Revenue Code
5.12 and the standard deduction allowed for 2011, 2012, and 2013 under the Internal Revenue
5.13 Code as amended through December 1, 2010; and

5.14 (18) the amount of the deduction under section 170 of the Internal Revenue Code
5.15 that represents contributions to a qualified foundation under section 290.0678.

5.16 **EFFECTIVE DATE.** This section is effective for taxable years beginning after
5.17 December 31, 2015.

5.18 Sec. 4. Minnesota Statutes 2014, section 290.01, subdivision 19c, is amended to read:

5.19 Subd. 19c. **Corporations; additions to federal taxable income.** For corporations,
5.20 there shall be added to federal taxable income:

5.21 (1) the amount of any deduction taken for federal income tax purposes for income,
5.22 excise, or franchise taxes based on net income or related minimum taxes, including but not
5.23 limited to the tax imposed under section 290.0922, paid by the corporation to Minnesota,
5.24 another state, a political subdivision of another state, the District of Columbia, or any
5.25 foreign country or possession of the United States;

5.26 (2) interest not subject to federal tax upon obligations of: the United States, its
5.27 possessions, its agencies, or its instrumentalities; the state of Minnesota or any other
5.28 state, any of its political or governmental subdivisions, any of its municipalities, or any
5.29 of its governmental agencies or instrumentalities; the District of Columbia; or Indian
5.30 tribal governments;

5.31 (3) exempt-interest dividends received as defined in section 852(b)(5) of the Internal
5.32 Revenue Code;

5.33 (4) the amount of any net operating loss deduction taken for federal income tax
5.34 purposes under section 172 or 832(c)(10) of the Internal Revenue Code or operations loss
5.35 deduction under section 810 of the Internal Revenue Code;

6.1 (5) the amount of any special deductions taken for federal income tax purposes
6.2 under sections 241 to 247 and 965 of the Internal Revenue Code;

6.3 (6) losses from the business of mining, as defined in section 290.05, subdivision 1,
6.4 clause (a), that are not subject to Minnesota income tax;

6.5 (7) the amount of any capital losses deducted for federal income tax purposes under
6.6 sections 1211 and 1212 of the Internal Revenue Code;

6.7 (8) the amount of percentage depletion deducted under sections 611 through 614 and
6.8 291 of the Internal Revenue Code;

6.9 (9) for certified pollution control facilities placed in service in a taxable year
6.10 beginning before December 31, 1986, and for which amortization deductions were elected
6.11 under section 169 of the Internal Revenue Code of 1954, as amended through December
6.12 31, 1985, the amount of the amortization deduction allowed in computing federal taxable
6.13 income for those facilities;

6.14 (10) the amount of a partner's pro rata share of net income which does not flow
6.15 through to the partner because the partnership elected to pay the tax on the income under
6.16 section 6242(a)(2) of the Internal Revenue Code;

6.17 (11) any increase in subpart F income, as defined in section 952(a) of the Internal
6.18 Revenue Code, for the taxable year when subpart F income is calculated without regard to
6.19 the provisions of Division C, title III, section 303(b) of Public Law 110-343;

6.20 (12) 80 percent of the depreciation deduction allowed under section 168(k)(1)(A)
6.21 and (k)(4)(A) of the Internal Revenue Code. For purposes of this clause, if the taxpayer
6.22 has an activity that in the taxable year generates a deduction for depreciation under
6.23 section 168(k)(1)(A) and (k)(4)(A) and the activity generates a loss for the taxable year
6.24 that the taxpayer is not allowed to claim for the taxable year, "the depreciation allowed
6.25 under section 168(k)(1)(A) and (k)(4)(A)" for the taxable year is limited to excess of the
6.26 depreciation claimed by the activity under section 168(k)(1)(A) and (k)(4)(A) over the
6.27 amount of the loss from the activity that is not allowed in the taxable year. In succeeding
6.28 taxable years when the losses not allowed in the taxable year are allowed, the depreciation
6.29 under section 168(k)(1)(A) and (k)(4)(A) is allowed;

6.30 (13) 80 percent of the amount by which the deduction allowed by section 179 of the
6.31 Internal Revenue Code exceeds the deduction allowable by section 179 of the Internal
6.32 Revenue Code of 1986, as amended through December 31, 2003;

6.33 (14) to the extent deducted in computing federal taxable income, the amount of the
6.34 deduction allowable under section 199 of the Internal Revenue Code;

6.35 (15) the amount of expenses disallowed under section 290.10, subdivision 2; and

7.1 (16) discharge of indebtedness income resulting from reacquisition of business
7.2 indebtedness and deferred under section 108(i) of the Internal Revenue Code; and
7.3 (17) the amount of the deduction under section 170 of the Internal Revenue Code
7.4 that represents contributions to a qualified foundation under section 290.0678.

7.5 **EFFECTIVE DATE.** This section is effective for taxable years beginning after
7.6 December 31, 2015.

7.7 **Sec. 5. [290.0678] EQUITY AND OPPORTUNITY IN EDUCATION TAX**
7.8 **CREDIT.**

7.9 **Subdivision 1. Definitions.** (a) For purposes of this section, the following terms
7.10 have the meanings given.

7.11 (b) "Eligible child" means a child who:

7.12 (1) either:

7.13 (i) is a member of a family that meets the income eligibility requirements for early
7.14 learning scholarships in section 124D.165, subdivision 2, paragraph (a), clause (2),
7.15 without regard to the age of the child; or

7.16 (ii) previously received a qualified scholarship under this section;

7.17 (2) resides in Minnesota; and

7.18 (3) either:

7.19 (i) attended a public, nonpublic, or charter school in the semester preceding initial
7.20 receipt of a qualified scholarship;

7.21 (ii) is starting school in Minnesota for the first time; or

7.22 (iii) has neither entered elementary school nor reached seven years of age.

7.23 (c) "Equity and opportunity donation" means a donation to a qualified foundation
7.24 that awards qualified scholarships.

7.25 (d) "Nonmetropolitan counties" means all Minnesota counties not included in the
7.26 seven-county metropolitan area.

7.27 (e) "Qualified foundation" means a nonprofit organization granted an exemption
7.28 from the federal income tax under section 501(c)(3) of the Internal Revenue Code, a
7.29 public school under section 120A.22, subdivision 4, or a nonpublic school under section
7.30 120A.22, subdivision 4, that is accredited by an accrediting agency, recognized according
7.31 to section 123B.445, or recognized by the commissioner of education as complying with
7.32 the requirements of the equity and opportunity in education tax credit. The nonprofit
7.33 organization or school must:

7.34 (1) award scholarships to children to allow them to attend any qualified
7.35 prekindergarten educational program or qualified school of their parents' choice;

8.1 (2) not restrict the availability of scholarships to students of one program;
8.2 (3) not charge a fee of any kind to children under consideration for a scholarship; and
8.3 (4) require qualified prekindergarten educational programs and qualified schools
8.4 receiving payment of tuition through a scholarship funded by contributions qualifying
8.5 for the tax credit under this section to sign an agreement that it will not use different
8.6 admissions standards for a student with a scholarship from a qualified foundation.

8.7 (f) "Qualified prekindergarten educational program" means a program that
8.8 participates in a quality rating system such as the quality rating and improvement system
8.9 under section 124D.12, and is one of the following:

8.10 (1) a prekindergarten program established by a school district or a charter school
8.11 under chapter 124D;

8.12 (2) a preschool, nursery school, or early childhood development program licensed
8.13 by the Department of Human Services and eligible for the provider rate differential for
8.14 accreditation under section 119B.13, subdivision 3a;

8.15 (3) a Montessori program affiliated with or accredited by the American Montessori
8.16 Society or American Montessori International;

8.17 (4) a child care program provided by a family day care provider holding a current
8.18 early childhood development credential approved by the commissioner of human services;

8.19 (5) an early childhood family education program under section 124D.13; or

8.20 (6) a school readiness program under section 124D.15.

8.21 (g) "Qualified scholarship" means a payment from a qualified foundation to or on
8.22 behalf of the parent or guardian of an eligible child for payment of the cost of participation
8.23 in a qualified prekindergarten educational program or of attendance at a qualified school.

8.24 (h) "Qualified school" means a school operated in Minnesota that is either:

8.25 (1) a nonpublic elementary or secondary school in Minnesota wherein a resident
8.26 may legally fulfill the state's compulsory attendance laws, that is not operated for profit,
8.27 and that adheres to the provisions of United States Code, title 42, section 1981; or

8.28 (2) a charter elementary or secondary school in Minnesota that has at least 30
8.29 percent of its students who qualify for a reduced-price meal under the National School
8.30 Lunch Program.

8.31 (i) "Seven-county metropolitan area" means Anoka, Carver, Dakota, Hennepin,
8.32 Ramsey, Scott, and Washington Counties.

8.33 **Subd. 2. Credit allowed; limitation; carryover.** (a) An individual or corporate
8.34 taxpayer is allowed a credit against the tax due under this chapter equal to 80 percent of
8.35 the amount donated to a qualified foundation during the taxable year. The credit may not
8.36 be claimed for contributions designated for the use of a specific student.

9.1 (b) The maximum annual credit allowed is:

9.2 (1) \$20,000 for married joint filers for a one-year donation of \$25,000;

9.3 (2) \$10,000 for other individual filers for a one-year donation of \$12,500; and

9.4 (3) \$100,000 for corporate filers for a one-year donation of \$125,000.

9.5 (c) A taxpayer must provide a copy of the receipt provided by the qualified

9.6 foundation when claiming the credit for the donation.

9.7 (d) The credit is limited to the liability for tax under this chapter, including the tax

9.8 imposed by sections 290.0921 and 290.0922.

9.9 (e) If the amount of the credit under this subdivision for any taxable year exceeds

9.10 the limitations under paragraph (d), the excess is a credit carryover to each of the five

9.11 succeeding taxable years. The entire amount of the excess unused credit for the taxable year

9.12 must be carried first to the earliest of the taxable years to which the credit may be carried.

9.13 The amount of the unused credit that may be added under this paragraph may not exceed

9.14 the taxpayer's liability for tax, less the credit for the taxable year. No credit may be carried

9.15 to a taxable year more than five years after the taxable year in which the credit was earned.

9.16 Subd. 3. **Application for credit certificate.** (a) A taxpayer must apply to the

9.17 commissioner for an equity and opportunity in education tax credit certificate. Tax credit

9.18 certificates under this section must be made available on a first-come, first-served basis

9.19 until the maximum statewide credit amount has been reached. The maximum statewide

9.20 credit amounts are:

9.21 (1) \$10,000,000 per taxable year for contributions for use by qualified foundations to

9.22 provide qualified scholarships in the seven-county metropolitan area; and

9.23 (2) \$10,000,000 per taxable year for contributions for use by qualified foundations to

9.24 provide qualified scholarships in nonmetropolitan counties.

9.25 (b) The commissioner must not issue a tax credit certificate for an amount greater

9.26 than the limits under subdivision 2.

9.27 Subd. 4. **Responsibilities of qualified foundations.** (a) Each qualified foundation

9.28 that receives donations directly from taxpayers under this section must:

9.29 (1) notify the commissioner of the qualified foundation's intent to participate in

9.30 this program;

9.31 (2) demonstrate to the commissioner that the qualified foundation, if it is a

9.32 nonprofit organization, has been granted an exemption from the federal income tax as an

9.33 organization described in section 501(c)(3) of the Internal Revenue Code;

9.34 (3) provide a receipt or verification on a form prescribed by the commissioner to

9.35 taxpayers for donations and commitments made to the qualified foundation;

10.1 (4) conduct criminal background checks on all of the qualified foundation's
10.2 employees and board members and exclude from employment or governance any
10.3 individuals who might reasonably pose a risk to the appropriate use of contributed funds;

10.4 (5) demonstrate the qualified foundation's financial accountability by:

10.5 (i) submitting a financial information report for the organization that complies with
10.6 uniform financial accounting standards established by the commissioner and conducted by
10.7 a certified public accountant; and

10.8 (ii) having the auditor certify that the report is free of material misstatements;

10.9 (6) demonstrate the qualified foundation's financial viability, if it receives donations
10.10 of \$150,000 or more during the school year, by filing financial information with the
10.11 commissioner prior to September 1 of each year that demonstrates the financial viability
10.12 of the qualified foundation;

10.13 (7) consistent with paragraph (c), use amounts received as donations to provide
10.14 qualified scholarships within one calendar year of the calendar year in which it receives
10.15 the donation; and

10.16 (8) ensure that qualified prekindergarten educational programs and qualified schools
10.17 that enroll children who have received qualified scholarships:

10.18 (i) comply with all health and safety laws or codes;

10.19 (ii) hold a valid occupancy permit if required by its municipality;

10.20 (iii) certify that the qualified prekindergarten educational program or qualified
10.21 school does not discriminate in admissions on the basis of race, color, national origin,
10.22 religion, or disability and adheres to the provisions of the Civil Rights Act of 1964 and
10.23 chapter 363A; and

10.24 (iv) provide accountability to parents of children in the program or school by
10.25 regularly reporting to the parents on the child's progress.

10.26 (b) A qualified foundation that receives donations directly from taxpayers under this
10.27 program must report to the commissioner by June 1 of each year the following information
10.28 prepared by a certified public accountant regarding the qualified foundation's grants in the
10.29 previous calendar year:

10.30 (1) the total number and total dollar amount of donations from taxpayers received
10.31 during the previous calendar year;

10.32 (2) the total number and total dollar amount of qualified scholarships awarded during
10.33 the previous calendar year; and

10.34 (3) the dollar amount of donations used for administrative expenses, as provided by
10.35 paragraph (c).

11.1 (c) A qualified foundation may use up to five percent of the amounts received as
11.2 donations for reasonable administrative expenses.

11.3 (d) If the commissioner decides to bar a qualified foundation from the program for
11.4 failure to comply with the requirements in paragraph (a), clauses (1) to (8), the qualified
11.5 foundation must notify taxpayers who have donated to the qualified foundation in writing
11.6 within 30 days.

11.7 Subd. 5. **Responsibilities of commissioner.** (a) The commissioner must prescribe a
11.8 standardized format for a receipt to be issued by a qualified foundation to a taxpayer to
11.9 indicate the value of a donation received.

11.10 (b) The commissioner must prescribe a standardized format for qualified foundations
11.11 to report the information required under subdivision 4.

11.12 (c) The commissioner must post on the department's Web site the names and
11.13 addresses of qualified foundations and regularly update the names and addresses of any
11.14 qualified foundations that have been barred from participating in the program.

11.15 (d) The commissioner may conduct either a financial review or audit of a qualified
11.16 foundation upon finding evidence of fraud or intentional misreporting.

11.17 (e) The commissioner may bar a qualified foundation from participating in the
11.18 program if the commissioner establishes that the qualified foundation has intentionally and
11.19 substantially failed to comply with the requirements in subdivision 4. If the commissioner
11.20 determines that a qualified foundation should be barred from the program, the
11.21 commissioner must notify the qualified foundation within 60 days of that determination.

11.22 **EFFECTIVE DATE.** This section is effective for taxable years beginning after
11.23 December 31, 2015.

11.24 Sec. 6. **EVALUATION OF EQUITY AND OPPORTUNITY IN EDUCATION**
11.25 **TAX CREDIT PROGRAM.**

11.26 (a) No later than December 31, 2018, the commissioner of revenue, after
11.27 consultation with the commissioner of education, shall contract with a qualified outside
11.28 entity or individual to evaluate the effects of the equity and opportunity in education tax
11.29 credit. The program evaluation must be completed by January 2020 and provided to the
11.30 chairs and ranking minority members of the legislative committees having jurisdiction
11.31 over taxes and prekindergarten education in the senate and the house of representatives
11.32 in compliance with sections 3.195 and 3.197. The program evaluation must include,
11.33 in addition to any other matters the commissioner considers relevant to evaluating the
11.34 effectiveness of the credit, analysis of:

11.35 (1) the level of parental and family satisfaction with the program; and

12.1 (2) the impact of the program on public and private prekindergarten and K-12
12.2 educational program capacity, availability, and quality.

12.3 (b) The researchers who conduct the study must:

12.4 (1) apply appropriate analytical and behavioral science methodologies to ensure
12.5 public confidence in the study; and

12.6 (2) protect the identity of participating prekindergarten educational programs, K-12
12.7 schools, and children by, among other things, keeping anonymous all disaggregated data
12.8 other than that for the categories of gender, race, and ethnicity.

12.9 (c) Participating prekindergarten educational programs and qualified schools must
12.10 cooperate with the research effort by providing any data necessary to complete the study.

12.11 **EFFECTIVE DATE.** This section is effective the day following final enactment."

12.12 Amend the title accordingly