

**Subject** Child care licensing and dependent care tax credit

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## Overview

This bill modifies family child care initial licensure requirements, requires the commissioner of human services to develop a family child care licensing handbook, modifies the dependent care tax credit, and requires the commissioner of human services to develop a uniform family child care license application and child care communication process. The bill also appropriates money for grants to increase the availability of quality child care, and instructs the revisor to make statutory changes.

## Summary

Section	Description
1	<p><b>Initial license.</b></p> <p>Amends § 245A.04 by adding subd. 17. Requires that an applicant for initial licensure for a family child care program be granted a license for up to two years if the provider deviates from licensure requirements in ways that do not threaten the health, rights, or safety of the children. Requires the deviations to be corrected within a timeframe specified by the commissioner, not to exceed two years. Specifies that failure to correct the deviations will be cause for revocation, suspension, or nonrenewal of the license.</p>
2	<p><b>Plain language handbook.</b></p> <p>Amends § 245A.04 by adding subd. 18. Requires the commissioner to develop a plain-language handbook that is free and available on the department's website, describing the processes and requirements for becoming a licensed family child care provider. Requires each county and DHS to maintain physical copies of the handbook for public use.</p>
3	<p><b>Amount of credit.</b></p> <p>Amends § 290.067, subd. 1. Increases the phaseout thresholds and reduces the phaseout rates for the Minnesota Dependent Care Credit. Under current law, the credit is phased out for taxpayers with more than \$52,230 of adjusted gross income (AGI) in tax year 2019. The credit amount is reduced by five percent of AGI in excess of the threshold amount.</p>

The bill increases the phaseout threshold to \$75,000, effective for tax year 2019. It also reduces the phaseout rate to 2.4 percent of AGI for taxpayers with one qualifying

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	<p>dependent, and 3.2 percent for taxpayers with two qualifying dependents. This change will cause the credit to phase out more slowly as a taxpayer's income increases.</p> <p>Under current law, the credit is fully phased out for taxpayers with one dependent child at \$64,230 of AGI; the bill pushes the end of the phaseout range to \$100,000. Under current law, the credit is fully phased out at \$76,230 of AGI for taxpayers with two or more dependent children; the bill increases the end of the phaseout range to \$112,500.</p>
4	<p><b>Direction to commissioner; uniform family day care provider application.</b></p> <p>Requires the commissioner to develop a uniform application for family day care licensure, which must be used in every county statewide. Requires the commissioner to prepare necessary legislation to implement the uniform application for the 2020 legislative session.</p>
5	<p><b>Direction to commissioner; child care provider communication process.</b></p> <p>Requires the commissioner to establish a confidential, anonymous process for child care providers to ask questions related to licensing and background study requirements, and receive prompt, clear answers from DHS. Requires the commissioner to submit a progress report to the legislature on this process by February 1, 2020.</p>
6	<p><b>Appropriation; child care provider grants.</b></p> <p><b>Subd. 1. Appropriation.</b> Appropriates money in fiscal year 2020 from the general fund to the commissioner of employment and economic development for grants to local communities to increase the availability of quality child care.</p> <p><b>Subd. 2. Use of funds.</b> Specifies that grant funds must be used for activities to reduce the child care shortage, such as child care business start-ups or expansions, training, facility modifications or improvements required for licensing, and assistance with licensing and other regulatory requirements.</p> <p><b>Subd. 3. Grant requirements.</b> Specifies geographic allocation of grant funds; requires grant recipients to obtain a 50 percent non-state match.</p>
7	<p><b>Revisor's instruction.</b></p> <p>Instructs the revisor, nonpartisan legislative staff, and DHS to prepare legislation for the 2020 legislative session to recodify Chapter 245A (human services licensing) and codify rules governing family child care (Chapter 9502) in statute.</p>
8	<p><b>Repealer.</b></p> <p>Repeals Minnesota Rules, part 9502.0335, subpart 5, which is replaced by section 1 of the bill.</p>



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