

TAX CONFORMITY BILL

H.F. 8 (Chapter 1)

SUMMARY: This bill conforms Minnesota's income tax to federal income tax changes enacted since the 2006 House session concluded. The law affects 2006 tax returns only. Principal items include deduction for higher education tuition expenses and deduction for teacher classroom expenses. The changes increase the tuition expense deduction up to \$4,000 and the teacher classroom expense deduction up to \$250.

Section

- 1** **Net income.** This section adopts all the federal changes to taxable income effective when the federal changes became effective, for tax year 2006 only. Included in these changes is the Tax Relief and Health Care Act of 2006. Extensions of expiring deductions are effective in tax year 2006, which include extending the higher education tuition expense deduction of up to \$4,000 and extending the teacher classroom expense deduction of up to \$250.