

SENATE
STATE OF MINNESOTA
EIGHTY-EIGHTH LEGISLATURE

S.F. No. 525

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DATE	D-PG	OFFICIAL STATUS
02/18/2013	275	Introduction and first reading Referred to Taxes
02/21/2013	363	Author added Wiger

1.1 A bill for an act
 1.2 relating to taxes; individual income; providing a credit for contributions to higher
 1.3 education; proposing coding for new law in Minnesota Statutes, chapter 290.

1.4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.5 Section 1. **[290.0683] HIGHER EDUCATION CONTRIBUTION CREDIT.**

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

1.8 (b) "Nonitemizer" means an individual who does not itemize deductions for federal
 1.9 income tax purposes for the taxable year, or whose itemized deductions, less the addition
 1.10 under section 290.01, subdivision 19a, clause (2), are less than the standard deduction for
 1.11 the taxable year under section 63(c) of the Internal Revenue Code.

1.12 (c) "Postsecondary educational institution" means a public postsecondary institution
 1.13 or a private, nonprofit, degree-granting institution.

1.14 Subd. 2. **Credit.** An individual who is a nonitemizer is allowed a credit against the
 1.15 tax imposed by this chapter for contributions to postsecondary educational institutions.
 1.16 The credit equals 25 percent of the total amount contributed. The maximum credit allowed
 1.17 per year is \$1,000 for married couples filing joint returns and \$500 for all other filers. An
 1.18 individual who claims the subtraction under section 290.01, subdivision 19b, clause (6),
 1.19 may not claim the credit in this section. For a nonresident or part-year resident, the credit
 1.20 determined under this section must be allocated based on the percentage calculated under
 1.21 section 290.06, subdivision 2c, paragraph (e).

1.22 Subd. 3. **Carryover.** If the credit for a taxable year exceeds the liability for tax
 1.23 under this chapter, the excess must be carried over to each of the ten succeeding taxable
 1.24 years. The entire amount of the unused credit must be carried first to the earliest of the

2.1 taxable years to which the credit may be carried and then to each successive year to which
2.2 the credit may be carried. The amount of the unused credit that may be added under
2.3 this subdivision is limited to the individual's liability for tax less the higher education
2.4 contribution credit for the taxable year.

2.5 **EFFECTIVE DATE.** This section is effective for taxable years beginning after
2.6 December 31, 2012.