

**SENATE**  
**STATE OF MINNESOTA**  
**EIGHTY-EIGHTH LEGISLATURE**

**S.F. No. 997**

(SENATE AUTHORS: CLAUSEN, Dziedzic, Tomassoni and Nelson)

DATE	D-PG	OFFICIAL STATUS
03/04/2013	476	Introduction and first reading Referred to Taxes
03/06/2013	622	Withdrawn and re-referred to Higher Education and Workforce Development
03/18/2013		Comm report: To pass as amended and re-refer to Taxes

A bill for an act

relating to taxation; income and franchise; providing a refundable credit for payment of principal and interest on student loans; appropriating money; proposing coding for new law in Minnesota Statutes, chapter 290.

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

Section 1. **[290.0682] EDUCATION OPPORTUNITY CREDIT.**

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

(b) "Eligible individual" means an individual who is a Minnesota resident who graduated from a postsecondary educational institution located in Minnesota.

(c) "Eligible employer" means an employer of an eligible individual who undertakes partial or full payment of the eligible individual's qualified education loan.

(d) "Qualified education loan" has the meaning given in section 221 of the Internal Revenue Code, but is limited to indebtedness incurred on behalf of the taxpayer or taxpayer's spouse.

(e) "Postsecondary educational institution" means a two- or four-year postsecondary educational institution that meets the definition of "eligible education institution" provided in section 221(d)(2)(B) of the Internal Revenue Code, but does not include a private, for-profit, postsecondary educational institution.

(f) "Income" has the meaning given in section 290.067, subdivision 2a.

Subd. 2. **Credit allowed.** (a) An eligible individual or an eligible employer is allowed a credit against the tax due under this chapter.

2.1 (b) The credit amount for an eligible individual equals the amount the individual  
2.2 paid during the taxable year to pay principal and interest on qualified education loans, not  
2.3 to exceed \$4,000.

2.4 (c) The credit amount for an eligible employer equals the amount the employer paid  
2.5 during the taxable year to pay principal and interest on qualified education loans of an  
2.6 eligible individual, not to exceed \$4,000. An eligible employer may only claim the credit  
2.7 based on qualified education loan payments made on behalf of the eligible individual in  
2.8 months in which the eligible individual did not make payments.

2.9 Subd. 3. **Limitations.** (a) For an eligible individual taxpayer filing single, or  
2.10 married filing separately, the amount of credit allowed under this section is reduced by \$1  
2.11 for every \$9 that the eligible individual's household income exceeds \$39,000.

2.12 (b) For all other eligible individual taxpayers, the amount of credit under this section  
2.13 is reduced by \$1 for every \$9 that the eligible individual's household income exceeds  
2.14 \$58,500.

2.15 (c) There is no limit to the number of credits that an eligible employer may claim  
2.16 under subdivision 2, paragraph (c).

2.17 Subd. 4. **Credit refundable.** (a) If the amount of credit which an eligible individual  
2.18 taxpayer is eligible to receive under this section exceeds the taxpayer's tax liability under  
2.19 this chapter, the commissioner shall refund the excess to the taxpayer.

2.20 (b) The credit under this section for eligible employers is not refundable.

2.21 Subd. 5. **Appropriation.** An amount sufficient to pay the refunds required by this  
2.22 section is appropriated to the commissioner from the general fund.

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