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State of Minnesota
HOUSE OF REPRESENTATIVES

EIGHTY-NINTH SESSION

H. F. No. 2229

04/16/2015 Authored by Hortman, Schultz, Norton, Lien, Youakim and others
The bill was read for the first time and referred to the Committee on Higher Education Policy and Finance

1.1 A bill for an act
1.2 relating to higher education; increasing the amount and availability of the state
1.3 grant; allowing a student loan refundable credit; appropriating money for tuition
1.4 relief; appropriating money for the student loan refinancing program; amending
1.5 Minnesota Statutes 2014, section 136A.101, subdivision 5a; proposing coding
1.6 for new law in Minnesota Statutes, chapter 290.

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

1.8 Section 1. Minnesota Statutes 2014, section 136A.101, subdivision 5a, is amended to
1.9 read:

1.10 Subd. 5a. **Assigned family responsibility.** "Assigned family responsibility" means
1.11 the amount of a family's contribution to a student's cost of attendance, as determined by a
1.12 federal need analysis. For dependent students, the assigned family responsibility is ~~96~~ 75
1.13 percent of the parental contribution. For independent students with dependents other than
1.14 a spouse, the assigned family responsibility is ~~86~~ 70 percent of the student contribution.
1.15 For independent students without dependents other than a spouse, the assigned family
1.16 responsibility is ~~50~~ 34 percent of the student contribution.

1.17 **EFFECTIVE DATE.** This section is effective July 1, 2015.

1.18 Sec. 2. **[290.0684] STUDENT LOAN CREDIT.**

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

1.21 (b) **"Eligible individual"** means an individual who has one or more qualified
1.22 education loans related to an undergraduate or graduate degree program at a postsecondary
1.23 educational institution.

2.1 (c) "Modified adjusted gross income" has the meaning given in section 221(b)(2)(C)
 2.2 of the Internal Revenue Code.

2.3 (d) "Postsecondary educational institution" means a postsecondary institution that is
 2.4 located in this state and is eligible for state student aid under section 136A.103.

2.5 (e) "Qualified education loan" has the meaning given in section 221 of the Internal
 2.6 Revenue Code, but is limited to indebtedness incurred on behalf of the eligible individual
 2.7 or the eligible individual's spouse.

2.8 Subd. 2. **Credit allowed; limitation.** (a) An eligible individual or the parent of an
 2.9 eligible individual is allowed a credit against the tax due under this chapter.

2.10 (b) The credit for an eligible individual equals the lesser of:

2.11 (1) the amount the eligible individual paid during the taxable year to pay principal
 2.12 and interest on qualified education loans; or

2.13 (2) the maximum credit as determined under paragraph (d).

2.14 (c) The credit for the parent of an eligible individual equals the lesser of:

2.15 (1) the amount the parent of the eligible individual paid during the taxable year to
 2.16 pay principal and interest on qualified education loans of the eligible individual; or

2.17 (2) the maximum credit as determined under paragraph (d), less the amount of credit
 2.18 allowed to the eligible individual under paragraph (b).

2.19 (d) The maximum credit is \$5,000, subject to the income-based phaseout provided in
 2.20 this paragraph. For married couples filing joint returns, the maximum credit is reduced
 2.21 by \$1 for every \$6 of modified adjusted gross income in excess of \$130,000. For all
 2.22 other filers, the maximum credit is reduced by \$1 for every \$3 of modified adjusted gross
 2.23 income in excess of \$65,000. In no case is the maximum credit less than zero.

2.24 (e) For a nonresident or part-year resident, the credit must be allocated based on the
 2.25 percentage calculated under section 290.06, subdivision 2c, paragraph (e).

2.26 Subd. 3. **Credit refundable.** If the amount of credit that an individual is eligible
 2.27 to receive under this section exceeds the individual's tax liability under this chapter, the
 2.28 commissioner shall refund the excess to the individual.

2.29 Subd. 4. **Appropriation.** An amount sufficient to pay the refunds required by this
 2.30 section is appropriated to the commissioner from the general fund.

2.31 **EFFECTIVE DATE.** This section is effective for taxable years beginning after
 2.32 December 31, 2014.

2.33 Sec. 3. **MINNESOTA STATE COLLEGES AND UNIVERSITIES; TUITION**
 2.34 **FREEZE.**

3.1 (a) \$42,300,000 is appropriated in fiscal year 2016 and \$85,500,000 is appropriated in
3.2 fiscal year 2017 to the Board of Trustees of the Minnesota State Colleges and Universities
3.3 for student tuition relief. The Board of Trustees may not set the tuition rate in any
3.4 undergraduate degree-granting program for the 2015-2016 and 2016-2017 academic years
3.5 at a rate greater than the 2014-2015 academic year rate. The student tuition relief may not
3.6 be offset by increases in mandatory fees, charges, or other assessments to the student.

3.7 (b) To the extent that the appropriations under this section are insufficient, the Board
3.8 of Trustees shall fund the remainder of the student tuition relief through reductions in
3.9 costs associated with central administration of the system and executive administration of
3.10 individual campuses, or through reallocation of nonstate funds. Tuition relief may not be
3.11 funded through reduction in any program or service that directly impacts students.

3.12 **Sec. 4. UNIVERSITY OF MINNESOTA; TUITION FREEZE.**

3.13 (a) \$19,350,000 is appropriated in fiscal year 2016 and \$39,330,000 is appropriated
3.14 in fiscal year 2017 to the Board of Regents of the University of Minnesota for student
3.15 tuition relief. The Board of Regents is requested to maintain the Minnesota resident
3.16 undergraduate and graduate tuition rates for the 2015-2016 and 2016-2017 academic years
3.17 at the 2014-2015 academic year rate, and is also requested to not offset the tuition relief by
3.18 increases in mandatory fees, charges, or other assessments to the student.

3.19 (b) To the extent that the appropriations under this section are insufficient, the
3.20 Board of Regents is requested to fund the remainder of the student tuition relief through
3.21 reductions in costs associated with central administration of the university and executive
3.22 administration of individual campuses, or through reallocation of nonstate funds. The
3.23 Board of Regents is requested to not fund tuition relief through reduction in any program
3.24 or service that directly impacts students.

3.25 **Sec. 5. STATE GRANT TUITION CAPS; LIVING AND MISCELLANEOUS**
3.26 **EXPENSE ALLOWANCE.**

3.27 (a) For the purposes of the state grant program under Minnesota Statutes, section
3.28 136A.121, for the biennium ending June 30, 2017, the tuition maximum is \$13,000 each
3.29 fiscal year of the biennium for students in four-year programs and \$5,808 each fiscal year
3.30 of the biennium for students in two-year programs.

3.31 (b) The living and miscellaneous expense allowance for the state grant program
3.32 under Minnesota Statutes, section 136A.121, for the biennium ending June 30, 2017, is set
3.33 at \$9,000 for fiscal year 2016 and \$9,000 for fiscal year 2017.

3.34 **EFFECTIVE DATE.** This section is effective July 1, 2015.

4.1 **Sec. 6. APPROPRIATION; STUDENT LOAN REFINANCING PROGRAM.**

4.2 (a) \$5,000,000 in fiscal year 2016 and \$5,000,000 in fiscal year 2017 are
4.3 appropriated from the general fund to the commissioner of higher education to provide
4.4 additional funding for the pilot refinancing student loan program authorized under
4.5 Minnesota Statutes, section 136A.1704. The commissioner shall use the appropriation
4.6 under this section to reduce the interest rate on the refinancing loans issued under the pilot
4.7 refinancing student loan program. This appropriation is available until expended.

4.8 (b) The commissioner shall report to the legislative committees with jurisdiction
4.9 over higher education policy and finance by February 15, 2016, on the use of the additional
4.10 funding under this section. The commissioner shall demonstrate how the money is being
4.11 used to offer refinancing loans at a lower interest rate than would otherwise be possible
4.12 without the additional funding.