

This Document can be made available in alternative formats upon request

State of Minnesota  
HOUSE OF REPRESENTATIVES

EIGHTY-EIGHTH SESSION

H. F. No. 610

02/14/2013 Authored by Carlson and Winkler

The bill was read for the first time and referred to the Committee on Higher Education Finance and Policy

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

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

1.6 Section 1. [290.0693] HIGHER EDUCATION SCHOLARSHIP INCENTIVE  
1.7 CREDIT.

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

1.10 (b) "Full time" has the meaning given in section 136A.101, subdivision 7a.

1.11 (c) "Institution" means a two-year or four-year postsecondary institution that is  
1.12 located in Minnesota and is a public postsecondary institution or a private, nonprofit,  
1.13 degree-granting college or university.

1.14 Subd. 2. Allocation of credit certificates. (a) By October 31 of the year preceding  
1.15 each year for which credit certificates are available, institutions may apply to participate  
1.16 in the credit program. The application must be submitted on a form prescribed by the  
1.17 commissioner and must include data on the amount of charitable contributions for  
1.18 scholarships received by the institutions in the previous calendar year. Each institution  
1.19 that submits an application meeting the requirements provided by the commissioner is  
1.20 eligible to participate.

1.21 (b) The commissioner must allocate the credit amount available for the year, as well as  
1.22 any unused credit amounts from the previous year, to participating institutions as follows:

1.23 (1) 50 percent based on the distribution of full-time Minnesota resident students  
1.24 among participating institutions; and

2.1 (2) 50 percent based on the distribution of scholarship contributions to participating  
2.2 institutions as reported on each institution's annual application.

2.3 (c) The commissioner must allocate \$20,000,000 in credit certificates per year for  
2.4 taxable years beginning after December 31, 2013, and before January 1, 2016. Any  
2.5 portion of a taxable year's certificates that was allocated by the commissioner but not  
2.6 assigned to a taxpayer by an institution is returned to the commissioner and does not  
2.7 cancel. The commissioner must reallocate amounts returned in subsequent taxable years  
2.8 under this subdivision.

2.9 Subd. 3. **Assignment of credit certificates.** Institutions may assign credit  
2.10 certificates to individuals who make contributions to fund merit-based scholarships at the  
2.11 institution. The amount of the credit certificate assigned to an individual may not exceed  
2.12 50 percent of the amount contributed.

2.13 Subd. 4. **Credit allowed; carryover.** An individual is allowed a credit against  
2.14 the tax imposed under this chapter for the taxable year and the amount indicated on the  
2.15 certificate provided to the individual by an institution as provided under this section. If  
2.16 the amount of the credit determined under this section for any taxable year exceeds the  
2.17 liability for tax under this chapter, the excess is a higher education scholarship incentive  
2.18 credit carryover to each of the ten succeeding taxable years. The entire amount of the  
2.19 excess unused credit for the taxable year must be carried first to the earliest of the taxable  
2.20 years to which the credit may be carried and then to each successive year to which  
2.21 the credit may be carried. The amount of the unused credit that may be added under  
2.22 this subdivision is limited to the individual's liability for tax less the higher education  
2.23 scholarship incentive credit for the taxable year.

2.24 Subd. 5. **Appropriation.** \$..... in fiscal year 2014 and \$..... in fiscal year 2015 are  
2.25 appropriated from the general fund to the commissioner for purposes of administering  
2.26 the credit in this section. Amounts not used in fiscal year 2015 do not cancel but are  
2.27 available through fiscal year 2016.