

SENATE
STATE OF MINNESOTA
EIGHTY-EIGHTH LEGISLATURE

S.F. No. 524

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DATE	D-PG	OFFICIAL STATUS
02/18/2013	274	Introduction and first reading Referred to Taxes

1.1 A bill for an act
 1.2 relating to taxes; individual income; providing a refundable credit for payment
 1.3 of principal and interest on student loans; proposing coding for new law in
 1.4 Minnesota Statutes, chapter 290.

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

1.6 Section 1. **[290.0684] STUDENT LOAN CREDIT.**

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

1.9 (b) "Allowance for tuition and fees" is the amount set in law as required under
 1.10 section 136A.121, subdivision 6.

1.11 (c) "Eligible individual" means an individual who is a Minnesota resident who
 1.12 completed a degree program at a postsecondary educational institution located in Minnesota
 1.13 or at a public postsecondary educational institution located in a state that had a tuition
 1.14 reciprocity agreement under section 136A.08 in effect when the individual graduated.

1.15 (d) "Postsecondary educational institution" means a public postsecondary institution
 1.16 or a private, nonprofit, degree-granting institution.

1.17 (e) "Qualified education loan" has the meaning given in section 221 of the Internal
 1.18 Revenue Code, but is limited to indebtedness incurred:

1.19 (1) through a federal subsidized Perkins or Stafford loan;

1.20 (2) on behalf of the taxpayer or taxpayer's spouse; and

1.21 (3) to pay tuition and fees for academic year 2012-2013 or later.

1.22 Subd. 2. **Maximum qualifying amount.** For an eligible individual who completed
 1.23 a degree program at a two-year postsecondary educational institution, the maximum
 1.24 qualifying amount equals the allowance for tuition and fees specified for a two-year

2.1 institution for the individual's final year of attendance, and for an eligible individual
2.2 who completed a degree program at a four-year postsecondary educational institution,
2.3 the maximum qualifying amount equals the allowance for tuition and fees specified for a
2.4 four-year institution for the individual's final year of attendance.

2.5 Subd. 3. **Credit allowed.** (a) An eligible individual is allowed a credit against the
2.6 tax due under this chapter.

2.7 (b) The credit amount equals the least of:

2.8 (1) the amount the individual paid during the taxable year to pay principal and
2.9 interest on qualified education loans;

2.10 (2) the maximum qualifying amount; or

2.11 (3) \$500.

2.12 Subd. 4. **Credit refundable.** If the amount of credit which a taxpayer is eligible
2.13 to receive under this section exceeds the taxpayer's tax liability under this chapter, the
2.14 commissioner shall refund the excess to the taxpayer.

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

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