

SENATE

STATE OF MINNESOTA

EIGHTY-NINTH SESSION

S.F. No. 1682

(SENATE AUTHORS: SIEBEN, Kent, Hoffman and Clausen)

DATE	D-PG	OFFICIAL STATUS
03/12/2015	777	Introduction and first reading Referred to Taxes
04/22/2015	2142	Author added Clausen

A bill for an act  
relating to taxation; individual income; allowing a refundable credit for student  
loan interest; 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. **[290.0684] STUDENT LOAN CREDIT.**

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

(b) "Eligible individual" means an individual with one or more qualified education  
loans related to an undergraduate or graduate degree program at a postsecondary  
educational institution.

(c) "Postsecondary educational institution" means a postsecondary institution  
eligible for state student aid under section 136A.103 or, if the institution is not located in  
this state, a postsecondary institution participating in the federal Pell Grant program under  
Title IV of the Higher Education Act of 1965, Public Law 89-329, as amended.

(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 eligible individual  
or the eligible individual's spouse.

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

(b) The credit for an eligible individual equals the lesser of:  
(1) the amount the eligible individual paid during the taxable year to pay principal  
and interest on qualified education loans; or  
(2) \$5,000.

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

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

2.4 (2) \$5,000 less the amount of credit allowed to the eligible individual under  
2.5 paragraph (b).

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

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

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

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