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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETY-THIRD SESSION

H. F. No. 2535

03/02/2023 Authored by Clardy and Frazier The bill was read for the first time and referred to the Committee on Education Finance

1.1 A bill for an act
1.2 relating to education; providing grants to aspiring educators; establishing an
1.3 endowment; appropriating money; amending Minnesota Statutes 2022, sections
1.4 290.0132, by adding a subdivision; 290.091, subdivision 2, as amended; proposing
1.5 coding for new law in Minnesota Statutes, chapter 127A.

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

1.7 Section 1. 127A.37] TEACHER PIPELINE ENDOWMENT.

1.8 Subdivision 1. Purpose and goals. The purpose of the teacher pipeline program is to
1.9 encourage and support aspiring teachers, especially individuals interested in teaching in
1.10 teacher shortage areas.

1.11 Subd. 2. Endowment established. (a) The commissioner of management and budget
1.12 must establish a permanent endowment account in the state treasury. This endowment must
1.13 be funded through appropriations made by the state. The endowment may also receive
1.14 private contributions, gifts, or grants under section 16A.013. Any interest or profit accruing
1.15 from investment of these sums is credited to the account.

1.16 (b) Investment management fees incurred by the State Board of Investment may be
1.17 reimbursed from the account.

1.18 (c) Annual income derived from the investment of principal in the account is appropriated
1.19 from the account to the commissioner of the Office of Higher Education. Up to five percent
1.20 of the annual income is appropriated to the commissioner of the Office of Higher Education
1.21 for administrative expenses associated with awarding grants to aspiring teachers. The
1.22 remaining funds must be used to provide assistance to individuals seeking to become teachers

2.1 in Minnesota public schools. For the purposes of this section, "income" is the annual amount
2.2 of interest on debt securities and dividends on equity securities.

2.3 (d) Any gains or losses from the sale of securities must be added to the principal balance
2.4 in the account.

2.5 (e) Money from this account must not be used for any purposes except those described
2.6 in this section, and no other money from this account may be transferred to any other account.

2.7 Subd. 3. **Plan developed.** The commissioner of education and the commissioner of the
2.8 Office of Higher Education must jointly adopt a plan for the Office of Higher Education to
2.9 award grants to aspiring teachers. The plan must:

2.10 (1) prioritize grant awards to applicants pursuing teacher licensure in a content area with
2.11 an identified shortage, including science, mathematics, special education, and school
2.12 counseling; and

2.13 (2) to the extent possible, distribute grant awards in a manner to ensure geographical
2.14 representation throughout the state.

2.15 Subd. 4. **Grant amounts.** The commissioner of the Office of Higher Education shall
2.16 make grant awards according to the plan developed in subdivision 3. The maximum amount
2.17 of a grant under this section is \$5,000 per year.

2.18 Subd. 5. **Applicant eligibility.** (a) A person is eligible for a grant under this section if
2.19 the person:

2.20 (1) is a Minnesota resident;

2.21 (2) is enrolled in a Professional Educator Licensing and Standards Board-approved
2.22 teacher preparation program at a Minnesota postsecondary institution;

2.23 (3) is in good academic standing and making satisfactory academic progress as defined
2.24 under section 136A.101, subdivision 10;

2.25 (4) applies for the grant in the form and manner specified by the commissioner of the
2.26 Office of Higher Education; and

2.27 (5) signs a contract agreeing to fulfill the employment obligation under subdivision 6.

2.28 (b) A person may receive an annual grant award no more than four times.

2.29 Subd. 6. **Employment obligation.** (a) Beginning within six months of the completion
2.30 of the academic program for which the grant was awarded, a grant recipient must be
2.31 employed in a teaching position in Minnesota for no less than five years.

3.1 (b) A recipient who has completed the academic program for which the grant was
3.2 awarded, but who has not yet fulfilled the total employment obligation, must annually verify,
3.3 in a form and manner specified by the commissioner of the Office of Higher Education,
3.4 that the recipient is employed in a position that fulfills the employment obligation.

3.5 (c) If a recipient fails to meet the employment obligation, the commissioner of the Office
3.6 of Higher Education must convert the recipient's total grant award to a student loan and
3.7 collect from the participant the total grant amount awarded. All sums recovered under this
3.8 paragraph must be deposited into the state treasury and credited to the endowment established
3.9 in subdivision 2.

3.10 (d) The commissioner of the Office of Higher Education may waive or defer the
3.11 employment obligation for a grant recipient who is placed on an unrequested leave of absence
3.12 by the recipient's school district, or for other circumstances involving extreme hardship.
3.13 Any requirement to fulfill the employment obligation cancels upon the death or permanent
3.14 and total disability of the grant recipient.

3.15 Subd. 7. **Grant awards not considered income.** For the purposes of this subdivision,
3.16 "subtraction" has the meaning given in section 290.0132, subdivision 1, and the rules in
3.17 that subdivision apply for this subdivision. The definitions in section 290.01 apply to this
3.18 subdivision. A grant amount received under this section is a subtraction.

3.19 Subd. 8. **Income exclusion; other state programs.** (a) Notwithstanding any law to the
3.20 contrary, a grant received under this section must not be considered income, assets, or
3.21 personal property for purposes of determining eligibility or recertifying eligibility for:

3.22 (1) child care assistance programs under chapter 119B or Head Start under the federal
3.23 Improving Head Start for School Readiness Act of 2007;

3.24 (2) general assistance, Minnesota supplemental aid, and food support under chapter
3.25 256D;

3.26 (3) housing support under chapter 256I;

3.27 (4) the Minnesota family investment program and diversionary work program under
3.28 chapter 256J;

3.29 (5) MinnesotaCare under chapter 256L; and

3.30 (6) economic assistance programs under chapter 256P.

4.1 (b) The commissioner of human services must not consider a grant received under this
4.2 section as income or assets under section 256B.056, subdivision 1a, paragraph (a); 3; or 3c,
4.3 or for persons with eligibility determined under section 256B.057, subdivision 3, 3a, or 3b.

4.4 Subd. 9. **Other uses; teacher retention.** Subject to the availability of funds, the
4.5 commissioner of education and commissioner of the Office of Higher Education may jointly
4.6 establish a grant program administered by the commissioner of education to subsidize
4.7 teacher retention programs under section 122A.70.

4.8 Sec. 2. Minnesota Statutes 2022, section 290.0132, is amended by adding a subdivision
4.9 to read:

4.10 Subd. 34. **Teacher pipeline program.** Any amount received under section 127A.37 is
4.11 a subtraction.

4.12 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
4.13 31, 2022.

4.14 Sec. 3. Minnesota Statutes 2022, section 290.091, subdivision 2, as amended by Laws
4.15 2023, chapter 1, section 18, is amended to read:

4.16 Subd. 2. **Definitions.** For purposes of the tax imposed by this section, the following
4.17 terms have the meanings given.

4.18 (a) "Alternative minimum taxable income" means the sum of the following for the taxable
4.19 year:

4.20 (1) the taxpayer's federal alternative minimum taxable income as defined in section
4.21 55(b)(1)(D) of the Internal Revenue Code;

4.22 (2) the taxpayer's itemized deductions allowed in computing federal alternative minimum
4.23 taxable income, but excluding:

4.24 (i) the charitable contribution deduction under section 170 of the Internal Revenue Code;

4.25 (ii) the medical expense deduction;

4.26 (iii) the casualty, theft, and disaster loss deduction; and

4.27 (iv) the impairment-related work expenses of a person with a disability;

4.28 (3) for depletion allowances computed under section 613A(c) of the Internal Revenue
4.29 Code, with respect to each property (as defined in section 614 of the Internal Revenue Code),
4.30 to the extent not included in federal alternative minimum taxable income, the excess of the

5.1 deduction for depletion allowable under section 611 of the Internal Revenue Code for the
5.2 taxable year over the adjusted basis of the property at the end of the taxable year (determined
5.3 without regard to the depletion deduction for the taxable year);

5.4 (4) to the extent not included in federal alternative minimum taxable income, the amount
5.5 of the tax preference for intangible drilling cost under section 57(a)(2) of the Internal Revenue
5.6 Code determined without regard to subparagraph (E);

5.7 (5) to the extent not included in federal alternative minimum taxable income, the amount
5.8 of interest income as provided by section 290.0131, subdivision 2;

5.9 (6) the amount of addition required by section 290.0131, subdivisions 9, 10, and 16;

5.10 (7) the deduction allowed under section 199A of the Internal Revenue Code, to the extent
5.11 not included in the addition required under clause (6); and

5.12 (8) to the extent not included in federal alternative minimum taxable income, the amount
5.13 of foreign-derived intangible income deducted under section 250 of the Internal Revenue
5.14 Code;

5.15 less the sum of the amounts determined under the following:

5.16 (i) interest income as defined in section 290.0132, subdivision 2;

5.17 (ii) an overpayment of state income tax as provided by section 290.0132, subdivision
5.18 3, to the extent included in federal alternative minimum taxable income;

5.19 (iii) the amount of investment interest paid or accrued within the taxable year on
5.20 indebtedness to the extent that the amount does not exceed net investment income, as defined
5.21 in section 163(d)(4) of the Internal Revenue Code. Interest does not include amounts deducted
5.22 in computing federal adjusted gross income;

5.23 (iv) amounts subtracted from federal taxable or adjusted gross income as provided by
5.24 section 290.0132, subdivisions 7, 9 to 15, 17, 21, 24, 26 to 29, ~~and 31~~, and 34;

5.25 (v) the amount of the net operating loss allowed under section 290.095, subdivision 11,
5.26 paragraph (c); and

5.27 (vi) the amount allowable as a Minnesota itemized deduction under section 290.0122,
5.28 subdivision 7.

5.29 In the case of an estate or trust, alternative minimum taxable income must be computed
5.30 as provided in section 59(c) of the Internal Revenue Code, except alternative minimum
5.31 taxable income must be increased by the addition in section 290.0131, subdivision 16.

6.1 (b) "Investment interest" means investment interest as defined in section 163(d)(3) of
6.2 the Internal Revenue Code.

6.3 (c) "Net minimum tax" means the minimum tax imposed by this section.

6.4 (d) "Regular tax" means the tax that would be imposed under this chapter (without regard
6.5 to this section and section 290.032), reduced by the sum of the nonrefundable credits allowed
6.6 under this chapter.

6.7 (e) "Tentative minimum tax" equals 6.75 percent of alternative minimum taxable income
6.8 after subtracting the exemption amount determined under subdivision 3.

6.9 Sec. 4. **APPROPRIATION; TEACHER ENDOWMENT FUND.**

6.10 **Subdivision 1. Department of Education.** The sums indicated in this section are
6.11 **appropriated from the general fund to the Department of Education in the fiscal years**
6.12 **designated.**

6.13 **Subd. 2. Teacher endowment fund.** For transfer to the commissioner of management
6.14 **and budget for the teacher endowment fund established under section 1:**

6.15 \$ 2024

6.16 \$ 2025