

SENATE

STATE OF MINNESOTA

EIGHTY-NINTH SESSION

S.F. No. 3060

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DATE	D-PG	OFFICIAL STATUS
03/21/2016	5162	Introduction and first reading Referred to Taxes

A bill for an act
relating to taxation; individual income; providing a credit for student loan
payments; proposing coding for new law in Minnesota Statutes, chapter 290.
BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

Section 1. **[290.0693] STUDENT LOAN CREDIT.**

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

(b) "Adjusted gross income" means federal adjusted gross income as defined in
section 62 of the Internal Revenue Code.

(c) "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.

(d) "Eligible loan payments" means the amount the eligible individual paid during
the taxable year to pay principal and interest on qualified education loans.

(e) "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.

(f) "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. (a) An eligible individual is allowed a credit against the
tax due under this chapter. The credit equals one-half of eligible loan payments in excess
of ten percent of adjusted gross income, up to \$1,000.

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

2.3 Subd. 3. **Credit refundable.** If the amount of credit that an eligible individual who
2.4 is a resident or part-year resident of Minnesota is eligible to receive under this section
2.5 exceeds the eligible individual's tax liability under this chapter, the commissioner shall
2.6 refund the excess to the individual. For nonresident taxpayers, the credit may not exceed
2.7 the taxpayer's liability for tax under this chapter.

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

2.10 **EFFECTIVE DATE.** This section is effective for taxable years beginning after
2.11 December 31, 2015.