

SENATE
STATE OF MINNESOTA
EIGHTY-SEVENTH LEGISLATURE

S.F. No. 1869

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DATE	D-PG	OFFICIAL STATUS
02/15/2012	3820	Introduction and first reading Referred to Higher Education
03/08/2012		Comm report: To pass as amended and re-refer to Taxes

A bill for an act
relating to higher education; establishing an internship program; allowing a
tax credit; appropriating money; amending Minnesota Statutes 2010, section
290.06, by adding a subdivision; proposing coding for new law in Minnesota
Statutes, chapter 135A.
BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

Section 1. **[135A.40] GREATER MINNESOTA INTERNSHIP PROGRAM.**
Subdivision 1. **Program established.** (a) The Board of Trustees of the Minnesota
State Colleges and Universities shall and the Board of Regents of the University of
Minnesota is requested to establish a greater Minnesota internship program. As provided
in this section, the purpose of the program is to encourage greater Minnesota businesses to:
(1) employ and provide valuable experience to Minnesota students; and
(2) foster long-term relationships between the students and greater Minnesota
employers.
(b) The program is funded with the tax credit authorized by subdivision 4 and
section 290.06, subdivision 36. The Board of Trustees of the Minnesota State Colleges
and Universities and the Board of Regents of the University of Minnesota must designate
institutions and campuses to participate in the greater Minnesota internship program.
(c) For purposes of this section, "greater Minnesota" means the area located outside
of the metropolitan area, as defined in section 473.121, subdivision 2.
Subd. 2. **Intern program qualification rules.** (a) To qualify for a tax credit under
this section and section 290.06, subdivision 36, an employer must employ a student as part
of an internship program that meets the following qualifications:
(1) an intern must be an enrolled student in a participating institution or campus of
the Minnesota State Colleges and Universities or the University of Minnesota who has

2.1 been admitted to a major program that is closely related to the work experience performed
2.2 for the employer;

2.3 (2) an intern must be either a junior or senior at a participating state university or
2.4 a participating University of Minnesota campus, or a student enrolled in a participating
2.5 state college seeking a degree or a certification who has completed one-half of the credits
2.6 required for completion in a major field of study closely related to the work experience
2.7 performed for the employer;

2.8 (3) the internship must be taken for academic credit or count toward the completion
2.9 of a vocational technical education program;

2.10 (4) the participating institution or campus must certify that the internship is related
2.11 to the student's course of study;

2.12 (5) the intern must be supervised and evaluated by the taxpayer;

2.13 (6) the internship position must be located in greater Minnesota;

2.14 (7) the internship must last a minimum of 12 weeks; and

2.15 (8) the intern must be paid at least minimum wage for a minimum of 16 hours
2.16 per week.

2.17 (b) An internship clinical experience currently required for completion of an
2.18 academic program does not qualify for the tax credit under this section and section
2.19 290.06, subdivision 36.

2.20 Subd. 3. **Employer qualification rules.** (a) To qualify for the tax credit under this
2.21 section and section 290.06, subdivision 36, an employer must enter a written agreement
2.22 with the Board of Trustees of the Minnesota State Colleges and Universities or the Board
2.23 of Regents of the University of Minnesota agreeing that each intern for which a credit is
2.24 claimed:

2.25 (1) would not have been hired without the credit;

2.26 (2) did not work for the employer prior to entering the agreement;

2.27 (3) does not replace an existing employee;

2.28 (4) will not qualify for more than one credit of \$1,250; and

2.29 (5) will be employed at a location in greater Minnesota.

2.30 (b) An employer participating in the program must certify to the Board of Trustees
2.31 or the Board of Regents its number of employees in a manner acceptable to the board to
2.32 verify that program internships have not been used to replace employees. In addition, the
2.33 employer must report upon completion of the program:

2.34 (1) the number of interns hired;

2.35 (2) the number of hours and weeks worked by interns; and

2.36 (3) the compensation paid to interns.

3.1 Subd. 4. **Tax credit allowed; maximum limits.** (a) The tax credit equals 40 percent
3.2 of the compensation paid to each qualifying intern, but not to exceed \$1,250. No employer
3.3 must be allowed a credit for more than five interns in any taxable year.

3.4 (b) The total amount of credits authorized under this section is limited to \$1,250,000
3.5 per taxable year. The Department of Revenue shall allocate these credits to employers
3.6 participating in the greater Minnesota internship program on a first-come, first-served
3.7 basis.

3.8 Subd. 5. **Reports to the legislature.** (a) By February 1, 2013, the Board of
3.9 Trustees of the Minnesota State Colleges and Universities and the Board of Regents of
3.10 the University of Minnesota, if a program is established, shall prepare a report to the
3.11 legislature on the program. The report must include at least the following:

3.12 (1) the number and dollar amount of credits allowed;

3.13 (2) the number of interns employed under the program; and

3.14 (3) the cost of administering the program.

3.15 (b) By February 1, 2014, the Board of Trustees and the Board of Regents, if a
3.16 program is established, shall prepare a report to the legislature with an analysis of the
3.17 effectiveness of the program in stimulating businesses to hire interns and in assisting
3.18 participating interns in finding permanent career positions. This report must include the
3.19 number of students who participated in the program who were subsequently employed
3.20 full time by the employer.

3.21 Sec. 2. Minnesota Statutes 2010, section 290.06, is amended by adding a subdivision
3.22 to read:

3.23 Subd. 36. **Greater Minnesota internship credit.** (a) A taxpayer may take a credit
3.24 against the tax due under this chapter equal to the lesser of:

3.25 (1) 40 percent of the compensation paid to an intern qualifying under the program
3.26 established under section 135A.40, but not to exceed \$1,250 per intern; or

3.27 (2) the amount certified by the Board of Trustees of the Minnesota State Colleges
3.28 and Universities or the Board of Regents of the University of Minnesota under section
3.29 135A.40 to the taxpayer.

3.30 (b) Credits allowed to a partnership, a limited liability company taxed as a
3.31 partnership, an S corporation, or multiple owners of property are passed through to the
3.32 partners, members, shareholders, or owners, respectively, pro rata to each partner, member,
3.33 shareholder, or owner based on their share of the entity's income for the taxable year.

4.1 (c) If the amount of credit which the taxpayer is eligible to receive under this
4.2 subdivision exceeds the taxpayer's tax liability under this chapter, the commissioner of
4.3 revenue shall refund the excess to the taxpayer.

4.4 (d) The amount necessary to pay claims for the refund provided in this subdivision
4.5 plus a one percent administrative fee for the Minnesota State Colleges and Universities and
4.6 the University of Minnesota, if a program is established at the university, is appropriated
4.7 from the general fund to the commissioner of revenue. The commissioner of revenue
4.8 shall allocate and transfer the amount of the administrative fee to the Board of Trustees
4.9 of the Minnesota State Colleges and Universities and to the Board of Regents of the
4.10 University of Minnesota.

4.11 **EFFECTIVE DATE.** This section is effective for taxable years beginning after
4.12 December 31, 2011.