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# State of Minnesota HOUSE OF REPRESENTATIVES

EIGHTY-NINTH SESSION

H. F. No. **2175**

04/09/2015 Authored by Anzelc; Murphy, M.; Mariani; Lien; Davnie and others  
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 finance; creating and modifying certain financial assistance  
1.3 and loan programs for teachers; requiring rulemaking; appropriating money;  
1.4 amending Minnesota Statutes 2014, sections 119B.011, subdivision 15; 122A.63,  
1.5 subdivisions 4, 5, 6; 136A.162; 256J.21, subdivision 2; 290.01, subdivision 19b;  
1.6 proposing coding for new law in Minnesota Statutes, chapter 122A.

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

1.8 Section 1. Minnesota Statutes 2014, section 119B.011, subdivision 15, is amended to  
1.9 read:

1.10 Subd. 15. **Income.** "Income" means earned or unearned income received by all  
1.11 family members, including public assistance cash benefits and at-home infant child  
1.12 care subsidy payments, unless specifically excluded and child support and maintenance  
1.13 distributed to the family under section 256.741, subdivision 15. The following are excluded  
1.14 from income: funds used to pay for health insurance premiums for family members,  
1.15 Supplemental Security Income, scholarships, work-study income, ~~and~~ grants, and other  
1.16 financial assistance, including loan forgiveness, that cover costs or reimbursement for  
1.17 tuition, fees, books, and educational supplies; student loans for tuition, fees, books,  
1.18 supplies, and living expenses; state and federal earned income tax credits; assistance  
1.19 specifically excluded as income by law; in-kind income such as food support, energy  
1.20 assistance, foster care assistance, medical assistance, child care assistance, and housing  
1.21 subsidies; earned income of full-time or part-time students up to the age of 19, who have not  
1.22 earned a high school diploma or GED high school equivalency diploma including earnings  
1.23 from summer employment; grant awards under the family subsidy program; nonrecurring  
1.24 lump-sum income only to the extent that it is earmarked and used for the purpose for which  
1.25 it is paid; and any income assigned to the public authority according to section 256.741.

Sec. 2. Minnesota Statutes 2014, section 122A.63, subdivision 4, is amended to read:

Subd. 4. **Grant amount.** The commissioner may award a joint grant in the amount it determines to be appropriate. The grant shall include money for the postsecondary institution, school district, and student scholarships, and student loans. The commissioner may reallocate any unspent funds to one or more of the four joint grant recipients identified in subdivision 1.

Sec. 3. Minnesota Statutes 2014, section 122A.63, subdivision 5, is amended to read:

Subd. 5. **Information to student applicants.** At the time a student applies for a scholarship ~~and loan~~, the student shall be provided information about the fields of licensure needed by school districts in the part of the state within which the district receiving the joint grant is located. The information shall be acquired and periodically updated by the recipients of the joint grant. Information provided to students shall clearly state that scholarship ~~and loan~~ decisions are not based upon the field of licensure selected by the student.

Sec. 4. Minnesota Statutes 2014, section 122A.63, subdivision 6, is amended to read:

Subd. 6. **Eligibility for scholarships ~~and loans~~.** The following American Indian people are eligible for scholarships:

(1) a student, including a teacher aide employed by a district receiving a joint grant, who intends to become a teacher and who is enrolled in a postsecondary institution receiving a joint grant;

(2) a licensed employee of a district receiving a joint grant, who is enrolled in a master of education program; and

(3) a student who, after applying for federal and state financial aid and ~~an~~ the Minnesota Indian scholarship according to section 136A.126, has ~~financial needs that remain unmet: financial need shall be determined according to the congressional methodology for needs determination or as otherwise set in federal law~~ as defined by section 136A.101.

~~A person who has actual living expenses in addition to those addressed by the congressional methodology for needs determination, or as otherwise set in federal law, may receive a loan according to criteria established by the commissioner. A contract shall be executed between the state and the student for the amount and terms of the loan.~~

Sec. 5. [122A.80] TEACHMN.

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

3.3 (b) "High needs area" means a high needs area as defined in the Department of  
3.4 Education biannual teacher supply and demand report under section 127A.05, subdivision  
3.5 6, or other surveys conducted by the Department of Education that provide indicators for  
3.6 teacher supply and demand needs not captured by the teacher supply and demand report.

3.7 (c) "High needs school" means a school that:

3.8 (1) is a focus or priority school under the multiple measurement rating;

3.9 (2) has a concentration of students above the state average for free and reduced-price  
3.10 lunch; or

3.11 (3) is geographically isolated and experiencing a teacher shortage.

3.12 (d) "Qualified candidate" means a teacher candidate enrolled in a Minnesota teacher  
3.13 licensure program who meets the program eligibility requirements in subdivision 3 and in  
3.14 rules or procedures adopted under subdivision 7.

3.15 Subd. 2. **Account.** An account is created within the Office of Higher Education  
3.16 to disburse fixed-rate forgivable loans to qualified candidates under this section. Unused  
3.17 funds appropriated to the Department of Education and transferred to the Office of Higher  
3.18 Education in a given fiscal year will be carried over for loans and program administrative  
3.19 costs in future years. Principal and interest payments on unforgiven loans shall be credited  
3.20 to the account and shall be carried over and do not cancel and may be used for administrative  
3.21 program costs not covered by the appropriated amount and for issuing new loans.

3.22 Subd. 3. **Eligibility.** A candidate may apply to the commissioner of the Office of  
3.23 Higher Education to receive a forgivable loan under this section. The commissioner must  
3.24 award loans to candidates enrolling in programs in high needs areas and to candidates  
3.25 expressing interest in teaching in high needs schools based on shortages and geographical  
3.26 distribution, and must take into consideration diversifying the teacher workforce. The  
3.27 application must include a letter of support or character reference from a professional  
3.28 supervisor or colleague or academic professor who is not related to the applicant.

3.29 Subd. 4. **Loan requirements.** Interest accrues both during and after a borrower's  
3.30 postsecondary enrollment and is capitalized at the time of repayment. At the time of  
3.31 receiving the loan, a candidate must commit to seeking a qualified position in a Minnesota  
3.32 school district for four years upon completion of teacher preparation as a full-time teacher  
3.33 as verified through the Staff Automated Reporting (STAR) system. Candidates who do not  
3.34 complete the four-year service commitment may be required to repay the loan.

3.35 Subd. 5. **Usage.** The loan may only be used for tuition and related living and  
3.36 miscellaneous expenses required to complete teacher preparation and attain licensure.

4.1 Subd. 6. **Forgiveness and repayment.** (a) If a borrower's eligibility for the loan  
4.2 is based on the candidate's enrollment in a program in a high needs area, the borrower's  
4.3 student loan payment shall be deferred if the candidate completed the program and obtains  
4.4 a full-time position in that discipline. Upon completing four years of teaching in that  
4.5 discipline, the loan obligation shall be forgiven in the full amount of principal plus accrued  
4.6 interest. Except as allowed under paragraph (c), a student borrower has up to five years  
4.7 from graduation or school termination to fulfill the teaching obligation.

4.8 (b) If a borrower's eligibility for the loan is based on the candidate's employment in  
4.9 a high needs school, the borrower's student loan payment shall be deferred if the candidate  
4.10 obtains a full-time position in a high needs school at the time of hire. Upon completing  
4.11 four years of teaching at that school or another high needs school at the time of hire, the  
4.12 loan obligation shall be forgiven in the full amount of principal plus accrued interest.  
4.13 Except as allowed under paragraph (c), a student borrower has up to five years from  
4.14 graduation or school termination to fulfill the teaching obligation.

4.15 (c) An appeals process shall be established for special circumstances, such as a  
4.16 temporary medical leave of absence or layoff, which may allow the qualifying term to be  
4.17 extended.

4.18 (d) For loans not in deferral under paragraph (a) or (b), loan payments are deferred  
4.19 for up to 12 months or until the borrower obtains employment in a nonqualified position,  
4.20 whichever is first. At that time, monthly loan payments will be required from the borrower  
4.21 until the loan is paid in full or the loan is deferred under paragraph (a) or (b).

4.22 Subd. 7. **Rulemaking.** The commissioner of education shall adopt rules or  
4.23 procedures, in consultation with the Office of Higher Education, to implement this section,  
4.24 including:

- 4.25 (1) additional eligibility and renewal criteria;
- 4.26 (2) annual and lifetime maximum awards per student;
- 4.27 (3) how the loan funds will be disbursed;
- 4.28 (4) the interest rate for the loans;
- 4.29 (5) service fulfillment and repayment criteria; and
- 4.30 (6) an appeals process consistent with subdivision 6.

4.31 Sec. 6. **[122A.81] STEPPING UP FOR KIDS; FINANCIAL ASSISTANCE.**

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

4.34 (b) "High needs area" means a high needs area as defined in the Department of  
4.35 Education biannual teacher supply and demand report under section 127A.05, subdivision

6, or other surveys conducted by the Department of Education that provide indicators for teacher supply and demand needs not captured by the teacher supply and demand report.

(c) "High needs school" means a school that:

(1) is a focus or priority school under the multiple measurement rating;

(2) has a concentration of students above the state average for free and reduced-price lunch; or

(3) is geographically isolated and experiencing a teacher shortage.

(d) "Qualified candidate" means a paraprofessional currently employed in a Minnesota school who has been admitted to a Minnesota teacher licensure program and meets the program eligibility requirements in subdivision 3 and in rules adopted under subdivision 5.

**Subd. 2. Account.** An account is created within the Office of Higher Education to disburse financial assistance for paraprofessionals when enrolled in a program in Minnesota leading to teacher licensure. Unused funds appropriated to the Department of Education in a given fiscal year shall be transferred to the Office of Higher Education and carried over for stepping up for kids financial assistance and program and administrative costs in future years.

**Subd. 3. Eligibility.** (a) A qualified candidate may apply to the commissioner of the Office of Higher Education to receive financial assistance under this section. The commissioner of the Office of Higher Education shall award financial assistance in high needs areas and high needs schools based on shortages, geographical distribution, or other surveys conducted by the Department of Education and must take into consideration diversifying the teacher workforce. The application must include a letter of support from the school district administrator where the paraprofessional is employed.

(b) Candidates must commit to remain employed in a Minnesota school district for four years upon completion of teacher preparation as verified through the Staff Automated Reporting (STAR) system. Candidates who do not complete the four-year service commitment may be required to repay the financial assistance.

**Subd. 4. Usage.** The financial assistance may only be used for tuition and related living and miscellaneous expenses required to complete teacher preparation and attain licensure.

**Subd. 5. Rulemaking.** The commissioner of education shall adopt rules or procedures, in consultation with the Office of Higher Education, to implement this section, including:

(1) additional eligibility and renewal criteria;

(2) annual and lifetime maximum awards per student; and

6.1 (3) service fulfillment and repayment criteria.

6.2 Sec. 7. Minnesota Statutes 2014, section 136A.162, is amended to read:

6.3 **136A.162 CLASSIFICATION OF DATA.**

6.4 (a) Except as provided in paragraphs (b) and (c), data on applicants for financial  
6.5 assistance collected and used by the office for student financial aid programs administered  
6.6 by that office, including the programs under sections 122A.80 and 122A.81, are private  
6.7 data on individuals as defined in section 13.02, subdivision 12.

6.8 (b) Data on applicants may be disclosed to the commissioner of human services to the  
6.9 extent necessary to determine eligibility under section 136A.121, subdivision 2, clause (5).

6.10 (c) The following data collected in the Minnesota supplemental loan program under  
6.11 section 136A.1701 may be disclosed to a consumer credit reporting agency only if the  
6.12 borrower and the cosigner give informed consent, according to section 13.05, subdivision  
6.13 4, at the time of application for a loan:

- 6.14 (1) the lender-assigned borrower identification number;
- 6.15 (2) the name and address of borrower;
- 6.16 (3) the name and address of cosigner;
- 6.17 (4) the date the account is opened;
- 6.18 (5) the outstanding account balance;
- 6.19 (6) the dollar amount past due;
- 6.20 (7) the number of payments past due;
- 6.21 (8) the number of late payments in previous 12 months;
- 6.22 (9) the type of account;
- 6.23 (10) the responsibility for the account; and
- 6.24 (11) the status or remarks code.

6.25 Sec. 8. Minnesota Statutes 2014, section 256J.21, subdivision 2, is amended to read:

6.26 Subd. 2. **Income exclusions.** The following must be excluded in determining a  
6.27 family's available income:

6.28 (1) payments for basic care, difficulty of care, and clothing allowances received for  
6.29 providing family foster care to children or adults under Minnesota Rules, parts 9555.5050  
6.30 to 9555.6265, 9560.0521, and 9560.0650 to 9560.0655, payments for family foster care  
6.31 for children under section 260C.4411 or chapter 256N, and payments received and used  
6.32 for care and maintenance of a third-party beneficiary who is not a household member;

6.33 (2) reimbursements for employment training received through the Workforce  
6.34 Investment Act of 1998, United States Code, title 20, chapter 73, section 9201;

(3) reimbursement for out-of-pocket expenses incurred while performing volunteer services, jury duty, employment, or informal carpooling arrangements directly related to employment;

(4) all educational assistance, including loan forgiveness, except the county agency must count graduate student teaching assistantships, fellowships, and other similar paid work as earned income and, after allowing deductions for any unmet and necessary educational expenses, shall count scholarships or grants awarded to graduate students that do not require teaching or research as unearned income;

(5) loans, regardless of purpose, from public or private lending institutions, governmental lending institutions, or governmental agencies;

(6) loans from private individuals, regardless of purpose, provided an applicant or participant documents that the lender expects repayment;

(7)(i) state income tax refunds; and

(ii) federal income tax refunds;

(8)(i) federal earned income credits;

(ii) Minnesota working family credits;

(iii) state homeowners and renters credits under chapter 290A; and

(iv) federal or state tax rebates;

(9) funds received for reimbursement, replacement, or rebate of personal or real property when these payments are made by public agencies, awarded by a court, solicited through public appeal, or made as a grant by a federal agency, state or local government, or disaster assistance organizations, subsequent to a presidential declaration of disaster;

(10) the portion of an insurance settlement that is used to pay medical, funeral, and burial expenses, or to repair or replace insured property;

(11) reimbursements for medical expenses that cannot be paid by medical assistance;

(12) payments by a vocational rehabilitation program administered by the state under chapter 268A, except those payments that are for current living expenses;

(13) in-kind income, including any payments directly made by a third party to a provider of goods and services;

(14) assistance payments to correct underpayments, but only for the month in which the payment is received;

(15) payments for short-term emergency needs under section 256J.626, subdivision 2;

(16) funeral and cemetery payments as provided by section 256.935;

(17) nonrecurring cash gifts of \$30 or less, not exceeding \$30 per participant in a calendar month;

(18) any form of energy assistance payment made through Public Law 97-35, Low-Income Home Energy Assistance Act of 1981, payments made directly to energy providers by other public and private agencies, and any form of credit or rebate payment issued by energy providers;

(19) Supplemental Security Income (SSI), including retroactive SSI payments and other income of an SSI recipient, except as described in section 256J.37, subdivision 3b;

(20) Minnesota supplemental aid, including retroactive payments;

(21) proceeds from the sale of real or personal property;

(22) adoption or kinship assistance payments under chapter 256N or 259A;

(23) state-funded family subsidy program payments made under section 252.32 to help families care for children with developmental disabilities, consumer support grant funds under section 256.476, and resources and services for a disabled household member under one of the home and community-based waiver services programs under chapter 256B;

(24) interest payments and dividends from property that is not excluded from and that does not exceed the asset limit;

(25) rent rebates;

(26) income earned by a minor caregiver, minor child through age 6, or a minor child who is at least a half-time student in an approved elementary or secondary education program;

(27) income earned by a caregiver under age 20 who is at least a half-time student in an approved elementary or secondary education program;

(28) MFIP child care payments under section 119B.05;

(29) all other payments made through MFIP to support a caregiver's pursuit of greater economic stability;

(30) income a participant receives related to shared living expenses;

(31) reverse mortgages;

(32) benefits provided by the Child Nutrition Act of 1966, United States Code, title 42, chapter 13A, sections 1771 to 1790;

(33) benefits provided by the women, infants, and children (WIC) nutrition program, United States Code, title 42, chapter 13A, section 1786;

(34) benefits from the National School Lunch Act, United States Code, title 42, chapter 13, sections 1751 to 1769e;

(35) relocation assistance for displaced persons under the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, United States Code, title 42, chapter 61, subchapter II, section 4636, or the National Housing Act, United States Code, title 12, chapter 13, sections 1701 to 1750jj;



9.1 (36) benefits from the Trade Act of 1974, United States Code, title 19, chapter  
9.2 12, part 2, sections 2271 to 2322;

9.3 (37) war reparations payments to Japanese Americans and Aleuts under United  
9.4 States Code, title 50, sections 1989 to 1989d;

9.5 (38) payments to veterans or their dependents as a result of legal settlements  
9.6 regarding Agent Orange or other chemical exposure under Public Law 101-239, section  
9.7 10405, paragraph (a)(2)(E);

9.8 (39) income that is otherwise specifically excluded from MFIP consideration in  
9.9 federal law, state law, or federal regulation;

9.10 (40) security and utility deposit refunds;

9.11 (41) American Indian tribal land settlements excluded under Public Laws 98-123,  
9.12 98-124, and 99-377 to the Mississippi Band Chippewa Indians of White Earth, Leech  
9.13 Lake, and Mille Lacs reservations and payments to members of the White Earth Band,  
9.14 under United States Code, title 25, chapter 9, section 331, and chapter 16, section 1407;

9.15 (42) all income of the minor parent's parents and stepparents when determining the  
9.16 grant for the minor parent in households that include a minor parent living with parents or  
9.17 stepparents on MFIP with other children;

9.18 (43) income of the minor parent's parents and stepparents equal to 200 percent of the  
9.19 federal poverty guideline for a family size not including the minor parent and the minor  
9.20 parent's child in households that include a minor parent living with parents or stepparents  
9.21 not on MFIP when determining the grant for the minor parent. The remainder of income is  
9.22 deemed as specified in section 256J.37, subdivision 1b;

9.23 (44) payments made to children eligible for relative custody assistance under section  
9.24 257.85;

9.25 (45) vendor payments for goods and services made on behalf of a client unless the  
9.26 client has the option of receiving the payment in cash;

9.27 (46) the principal portion of a contract for deed payment;

9.28 (47) cash payments to individuals enrolled for full-time service as a volunteer under  
9.29 AmeriCorps programs including AmeriCorps VISTA, AmeriCorps State, AmeriCorps  
9.30 National, and AmeriCorps NCCC; and

9.31 (48) housing assistance grants under section 256J.35, paragraph (a).

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

9.34 Sec. 9. Minnesota Statutes 2014, section 290.01, subdivision 19b, is amended to read:

Subd. 19b. **Subtractions from federal taxable income.** For individuals, estates, and trusts, there shall be subtracted from federal taxable income:

(1) net interest income on obligations of any authority, commission, or instrumentality of the United States to the extent includable in taxable income for federal income tax purposes but exempt from state income tax under the laws of the United States;

(2) if included in federal taxable income, the amount of any overpayment of income tax to Minnesota or to any other state, for any previous taxable year, whether the amount is received as a refund or as a credit to another taxable year's income tax liability;

(3) the amount paid to others, less the amount used to claim the credit allowed under section 290.0674, not to exceed \$1,625 for each qualifying child in grades kindergarten to 6 and \$2,500 for each qualifying child in grades 7 to 12, for tuition, textbooks, and transportation of each qualifying child in attending an elementary or secondary school situated in Minnesota, North Dakota, South Dakota, Iowa, or Wisconsin, wherein a resident of this state may legally fulfill the state's compulsory attendance laws, which is not operated for profit, and which adheres to the provisions of the Civil Rights Act of 1964 and chapter 363A. For the purposes of this clause, "tuition" includes fees or tuition as defined in section 290.0674, subdivision 1, clause (1). As used in this clause, "textbooks" includes books and other instructional materials and equipment purchased or leased for use in elementary and secondary schools in teaching only those subjects legally and commonly taught in public elementary and secondary schools in this state. Equipment expenses qualifying for deduction includes expenses as defined and limited in section 290.0674, subdivision 1, clause (3). "Textbooks" does not include instructional books and materials used in the teaching of religious tenets, doctrines, or worship, the purpose of which is to instill such tenets, doctrines, or worship, nor does it include books or materials for, or transportation to, extracurricular activities including sporting events, musical or dramatic events, speech activities, driver's education, or similar programs. No deduction is permitted for any expense the taxpayer incurred in using the taxpayer's or the qualifying child's vehicle to provide such transportation for a qualifying child. For purposes of the subtraction provided by this clause, "qualifying child" has the meaning given in section 32(c)(3) of the Internal Revenue Code;

(4) income as provided under section 290.0802;

(5) to the extent included in federal adjusted gross income, income realized on disposition of property exempt from tax under section 290.491;

(6) to the extent not deducted or not deductible pursuant to section 408(d)(8)(E) of the Internal Revenue Code in determining federal taxable income by an individual who does not itemize deductions for federal income tax purposes for the taxable year, an

11.1 amount equal to 50 percent of the excess of charitable contributions over \$500 allowable  
11.2 as a deduction for the taxable year under section 170(a) of the Internal Revenue Code,  
11.3 under the provisions of Public Law 109-1 and Public Law 111-126;

11.4 (7) for individuals who are allowed a federal foreign tax credit for taxes that do not  
11.5 qualify for a credit under section 290.06, subdivision 22, an amount equal to the carryover  
11.6 of subnational foreign taxes for the taxable year, but not to exceed the total subnational  
11.7 foreign taxes reported in claiming the foreign tax credit. For purposes of this clause,  
11.8 "federal foreign tax credit" means the credit allowed under section 27 of the Internal  
11.9 Revenue Code, and "carryover of subnational foreign taxes" equals the carryover allowed  
11.10 under section 904(c) of the Internal Revenue Code minus national level foreign taxes to  
11.11 the extent they exceed the federal foreign tax credit;

11.12 (8) in each of the five tax years immediately following the tax year in which an  
11.13 addition is required under subdivision 19a, clause (7), or 19c, clause (12), in the case of a  
11.14 shareholder of a corporation that is an S corporation, an amount equal to one-fifth of the  
11.15 delayed depreciation. For purposes of this clause, "delayed depreciation" means the amount  
11.16 of the addition made by the taxpayer under subdivision 19a, clause (7), or subdivision 19c,  
11.17 clause (12), in the case of a shareholder of an S corporation, minus the positive value of  
11.18 any net operating loss under section 172 of the Internal Revenue Code generated for the  
11.19 tax year of the addition. The resulting delayed depreciation cannot be less than zero;

11.20 (9) job opportunity building zone income as provided under section 469.316;

11.21 (10) to the extent included in federal taxable income, the amount of compensation  
11.22 paid to members of the Minnesota National Guard or other reserve components of the  
11.23 United States military for active service, including compensation for services performed  
11.24 under the Active Guard Reserve (AGR) program. For purposes of this clause, "active  
11.25 service" means (i) state active service as defined in section 190.05, subdivision 5a, clause  
11.26 (1); or (ii) federally funded state active service as defined in section 190.05, subdivision  
11.27 5b, and "active service" includes service performed in accordance with section 190.08,  
11.28 subdivision 3;

11.29 (11) to the extent included in federal taxable income, the amount of compensation  
11.30 paid to Minnesota residents who are members of the armed forces of the United States  
11.31 or United Nations for active duty performed under United States Code, title 10; or the  
11.32 authority of the United Nations;

11.33 (12) an amount, not to exceed \$10,000, equal to qualified expenses related to a  
11.34 qualified donor's donation, while living, of one or more of the qualified donor's organs  
11.35 to another person for human organ transplantation. For purposes of this clause, "organ"  
11.36 means all or part of an individual's liver, pancreas, kidney, intestine, lung, or bone marrow;

12.1 "human organ transplantation" means the medical procedure by which transfer of a human  
12.2 organ is made from the body of one person to the body of another person; "qualified  
12.3 expenses" means unreimbursed expenses for both the individual and the qualified donor  
12.4 for (i) travel, (ii) lodging, and (iii) lost wages net of sick pay, except that such expenses  
12.5 may be subtracted under this clause only once; and "qualified donor" means the individual  
12.6 or the individual's dependent, as defined in section 152 of the Internal Revenue Code. An  
12.7 individual may claim the subtraction in this clause for each instance of organ donation for  
12.8 transplantation during the taxable year in which the qualified expenses occur;

12.9 (13) in each of the five tax years immediately following the tax year in which an  
12.10 addition is required under subdivision 19a, clause (8), or 19c, clause (13), in the case of a  
12.11 shareholder of a corporation that is an S corporation, an amount equal to one-fifth of the  
12.12 addition made by the taxpayer under subdivision 19a, clause (8), or 19c, clause (13), in the  
12.13 case of a shareholder of a corporation that is an S corporation, minus the positive value of  
12.14 any net operating loss under section 172 of the Internal Revenue Code generated for the  
12.15 tax year of the addition. If the net operating loss exceeds the addition for the tax year, a  
12.16 subtraction is not allowed under this clause;

12.17 (14) to the extent included in the federal taxable income of a nonresident of  
12.18 Minnesota, compensation paid to a service member as defined in United States Code, title  
12.19 10, section 101(a)(5), for military service as defined in the Servicemembers Civil Relief  
12.20 Act, Public Law 108-189, section 101(2);

12.21 (15) to the extent included in federal taxable income, the amount of national service  
12.22 educational awards received from the National Service Trust under United States Code,  
12.23 title 42, sections 12601 to 12604, for service in an approved Americorps National Service  
12.24 program;

12.25 (16) to the extent included in federal taxable income, discharge of indebtedness  
12.26 income resulting from reacquisition of business indebtedness included in federal taxable  
12.27 income under section 108(i) of the Internal Revenue Code. This subtraction applies only  
12.28 to the extent that the income was included in net income in a prior year as a result of the  
12.29 addition under subdivision 19a, clause (13);

12.30 (17) the amount of the net operating loss allowed under section 290.095, subdivision  
12.31 11, paragraph (c);

12.32 (18) the amount of expenses not allowed for federal income tax purposes due  
12.33 to claiming the railroad track maintenance credit under section 45G(a) of the Internal  
12.34 Revenue Code;

12.35 (19) the amount of the limitation on itemized deductions under section 68(b) of the  
12.36 Internal Revenue Code;

(20) the amount of the phaseout of personal exemptions under section 151(d) of the Internal Revenue Code; and

(21) to the extent included in federal taxable income, the amount of qualified transportation fringe benefits described in section 132(f)(1)(A) and (B) of the Internal Revenue Code. The subtraction is limited to the lesser of the amount of qualified transportation fringe benefits received in excess of the limitations under section 132(f)(2)(A) of the Internal Revenue Code for the year or the difference between the maximum qualified parking benefits excludable under section 132(f)(2)(B) of the Internal Revenue Code minus the amount of transit benefits excludable under section 132(f)(2)(A) of the Internal Revenue Code;

(22) to the extent included in federal taxable income, the amount of any loan forgiveness under section 122A.80 for the TeachMN program; and

(23) to the extent included in federal taxable income, the amount of any financial assistance paid under section 122A.81 for the stepping up for kids program.

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

Sec. 10. **RULEMAKING AUTHORITY.**

(a) The Board of Teaching shall adopt rules for a process for approving certificates of advanced professional study. A certificate of advanced professional study is a credential available only to a teacher with a full license in at least one discipline that allows for teaching without further waiver or variance when a licensure program in the discipline does not exist or when a teacher with a full license in the discipline cannot be found. The certificate of advanced professional study must:

(1) have fewer requirements than the full license in the discipline;

(2) set the specific qualifications required to attain it; and

(3) maintain professional standards for teaching in that discipline.

(b) The rules adopted under paragraph (a) must limit certificates of advanced professional study to:

(1) disciplines in which at least one geographic area of the state has a demonstrated shortage of fully licensed teachers; and

(2) emerging disciplines where full licenses or licensure programs do not exist.

Sec. 11. **APPROPRIATIONS.**

14.1            Subdivision 1. **Department.** The sums indicated in this section are appropriated  
14.2            from the general fund to the Department of Education for the fiscal years designated.

14.3            Subd. 2. **American Indian teacher preparation grants.** For joint grants to assist  
14.4            American Indian people to become teachers under Minnesota Statutes, section 122A.63:

14.5            \$            280,000        ..... 2016

14.6            \$            280,000        ..... 2017

14.7            Subd. 3. **TeachMN.** For the TeachMN account under Minnesota Statutes, section  
14.8            122A.80, subdivision 2:

14.9            \$            10,000,000        ..... 2016

14.10           \$            10,000,000        ..... 2017

14.11           Up to six percent of the amount each year may be used for administrative costs of  
14.12           the Department of Education and the Office of Higher Education for administering the  
14.13           TeachMN loan program.

14.14           \$9,827,000 in fiscal year 2016 and \$9,867,000 in fiscal year 2017 are for a transfer  
14.15           to the Office of Higher Education for loan disbursement and administrative costs.

14.16           Unused funds appropriated to the Department of Education and transferred to the  
14.17           Office of Higher Education in a given fiscal year are carried over for the TeachMN loan  
14.18           program and program and administrative costs in future years.

14.19           Subd. 4. **Stepping up for kids.** For a transfer to the Office of Higher Education for  
14.20           the stepping up for kids financial assistance account under Minnesota Statutes, section  
14.21           122A.81, subdivision 2:

14.22           \$            2,000,000        ..... 2016

14.23           \$            2,000,000        ..... 2017

14.24           Up to six percent of the amount each year may be used for administrative costs of  
14.25           the Office of Higher Education to administer the stepping up for kids financial assistance  
14.26           program.

14.27           Unused funds appropriated to the Department of Education and transferred to the  
14.28           Office of Higher Education in a given fiscal year are carried over for stepping up for kids  
14.29           financial assistance and program and administrative costs in future years.

14.30           Subd. 5. **Board of Teaching rulemaking.** To the Board of Teaching for rulemaking  
14.31           required under section 10:

14.32           \$            302,000        ..... 2016

14.33           Any balance in the first year does not cancel but is available in the second year.

- 15.1
- 15.2
- 15.3
- 15.4
- Subd. 6. **Information technology support.** For information technology support

necessary for tracking certificates issued under the rules adopted in section 10:

\$            50,000        .....   2017

The base appropriation in fiscal year 2018 and later is \$50,000.