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State of Minnesota
HOUSE OF REPRESENTATIVES

EIGHTY-NINTH SESSION

H. F. No. **3601**

03/24/2016 Authored by Norton and Lien

The bill was read for the first time and referred to the Committee on Greater Minnesota Economic and Workforce Development Policy

03/30/2016 Adoption of Report: Re-referred to the Committee on Higher Education Policy and Finance

1.1 A bill for an act
1.2 relating to higher education; modifying the greater Minnesota internship
1.3 program; establishing a grant program; repealing a tax credit; appropriating
1.4 money; amending Minnesota Statutes 2014, section 136A.129; repealing
1.5 Minnesota Statutes 2014, section 290.06, subdivision 36.

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

1.7 Section 1. Minnesota Statutes 2014, section 136A.129, is amended to read:

1.8 **136A.129 GREATER MINNESOTA INTERNSHIP GRANT PROGRAM.**

1.9 Subdivision 1. **Definitions.** (a) For the purposes of this section, the terms defined in
1.10 this subdivision have the meanings given to them.

1.11 (b) "Eligible employer" means ~~a taxpayer under section 290.01~~ an employer with
1.12 employees located in greater Minnesota.

1.13 (c) "Eligible institution" means a Minnesota public postsecondary institution or
1.14 a Minnesota private, nonprofit, baccalaureate, or graduate degree-granting college or
1.15 university.

1.16 (d) "Eligible student" means a student enrolled in an eligible institution who has
1.17 completed one-half of the credits necessary for the respective degree or certification,
1.18 including a graduate degree.

1.19 (e) "Greater Minnesota" means the area of the state outside of the counties of Anoka,
1.20 Carver, Chisago, Dakota, Hennepin, Isanti, Ramsey, Scott, Sherburne, Washington, and
1.21 Wright.

1.22 Subd. 2. **Grant program established.** The office shall administer a greater
1.23 Minnesota internship grant program through eligible institutions to provide credit at the

2.1 eligible institution for internships and ~~tax credits~~ grants for eligible employers who hire
2.2 interns for employment in greater Minnesota.

2.3 Subd. 3. **Program components.** (a) An intern must be an eligible student who has
2.4 been admitted to a major program that is related to the intern experience as determined
2.5 by the eligible institution.

2.6 (b) To participate in the program, an eligible institution must:

2.7 (1) enter into written agreements with eligible employers to provide internships that
2.8 are at least eight weeks long and located in greater Minnesota; and

2.9 (2) provide academic credit for the successful completion of the internship or ensure
2.10 that it fulfills requirements necessary to complete a vocational technical education program.

2.11 (c) To participate in the program, an eligible employer must enter into a written
2.12 agreement with an eligible institution specifying that the intern:

2.13 (1) would not have been hired without the ~~tax credit~~ grant described in subdivision 4;

2.14 (2) did not work for the employer in the same or a similar job prior to entering
2.15 the agreement;

2.16 (3) does not replace an existing employee;

2.17 (4) has not previously participated in the program;

2.18 (5) will be employed at a location in greater Minnesota;

2.19 (6) will be paid at least minimum wage for a minimum of 16 hours per week for a
2.20 period of at least eight weeks; and

2.21 (7) will be supervised and evaluated by the employer.

2.22 (d) The written agreement between the eligible institution and the eligible employer
2.23 must certify a ~~credit~~ grant amount to the employer, not to exceed \$2,000 per intern. The
2.24 total dollar amount of ~~credits~~ grants that an eligible institution certifies to eligible employers
2.25 in a ~~calendar~~ fiscal year may not exceed the amount of its allocation under subdivision 4.

2.26 (e) Participating eligible institutions and eligible employers must report annually to
2.27 the office. The report must include at least the following:

2.28 (1) the number of interns hired;

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

2.30 (3) the compensation paid to interns.

2.31 (f) An internship required to complete an academic program does not qualify for the
2.32 greater Minnesota internship program under this section.

2.33 Subd. 4. ~~Tax credit allowed~~ Grant calculation. ~~An employer is entitled to a tax~~
2.34 ~~credit as provided in section 290.06, subdivision 36. The total amount of credits allocated~~
2.35 ~~in a calendar year must not exceed \$2,000,000.~~ (a) The office shall determine relevant
2.36 criteria to allocate the ~~tax credits~~ grants including the geographic distribution of ~~credits~~

3.1 grants to work locations outside the metropolitan area, and. The office shall allocate
 3.2 credits grants up to the available appropriation to eligible institutions that meet the criteria
 3.3 on a first-come, first-served basis. Any credits grants allocated to an institution but not
 3.4 used may be reallocated to eligible institutions.

3.5 (b) When an eligible institution reports to the office that an eligible student has
 3.6 successfully completed the internship, the office shall disburse a grant to the employer
 3.7 equal to the lesser of:

3.8 (1) the amount certified under subdivision 3 to the eligible employer by an eligible
 3.9 institution; or

3.10 (2) 40 percent of the compensation paid to the intern.

3.11 (c) Unless a different amount is reserved in the appropriation, the office may reserve
 3.12 up to one percent of the money appropriated for the grant program for administrative
 3.13 costs. The office shall proportionately allocate a portion of the administrative fee under
 3.14 section 290.06, subdivision 36, this reserve to participating eligible institutions for their
 3.15 administrative costs.

3.16 **Subd. 5. Reports to the legislature.** ~~(a) Annually by February 1, 2016, the office~~
 3.17 ~~and the Department of Revenue shall report to the legislature legislative committees with~~
 3.18 ~~jurisdiction over higher education on the greater Minnesota internship grant program. The~~
 3.19 ~~report must include at least the following:~~

3.20 ~~(1) the number and dollar amount of credits allowed grants;~~

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

3.22 ~~(3) the cost of administering the program; and~~

3.23 ~~(b) By February 1, 2017, the office and the Department of Revenue shall report to the~~
 3.24 ~~legislature with an analysis of the effectiveness of the program in stimulating businesses~~
 3.25 ~~to hire interns and in assisting participating interns in finding permanent career positions.~~

3.26 ~~This report must include (4) the number of students who participated in the program who~~
 3.27 ~~were subsequently employed full-time by the employer.~~

3.28 **EFFECTIVE DATE.** This section is effective January 1, 2017, and applies to
 3.29 grants made in fiscal year 2017 and later.

3.30 **Sec. 2. APPROPRIATION.**

3.31 \$..... in fiscal year 2017 is appropriated from the general fund to the commissioner
 3.32 of higher education for the greater Minnesota internship grant program under Minnesota
 3.33 Statutes, section 136A.129.

3.34 **Sec. 3. REPEALER.**

- 4.1 Minnesota Statutes 2014, section 290.06, subdivision 36, is repealed effective for
- 4.2 taxable years beginning after December 31, 2016.

290.06 RATES OF TAX; CREDITS.

Subd. 36. **Greater Minnesota internship credit.** (a) A taxpayer who is an eligible employer may take a credit against the tax due under this chapter equal to the lesser of:

(1) 40 percent of the compensation paid to an intern qualifying under the program established under section 136A.129, but not to exceed \$2,000 per intern; or

(2) the amount certified to the taxpayer by an eligible institution out of the institution's allocation of credits for the calendar year, as provided in section 136A.129.

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

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

(d) An amount necessary to pay claims for refund provided in this subdivision is appropriated from the general fund to the commissioner of revenue.

(e) An amount equal to one percent of the total amount of the credits authorized under section 136A.129, subdivision 4, for an administrative fee for the Office of Higher Education and participating eligible institutions is appropriated from the general fund to the commissioner of revenue, for a transfer to the Office of Higher Education.

(f) For purposes of this subdivision, the terms "eligible employer" and "eligible institution" have the meanings given in section 136A.129.