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State of Minnesota  
HOUSE OF REPRESENTATIVES

EIGHTY-NINTH SESSION

H. F. No. 3318

03/17/2016 Authored by Davids and Slocum

The bill was read for the first time and referred to the Committee on Education Innovation Policy

1.1 A bill for an act  
1.2 relating to taxation; individual income; allowing a tax credit for certain payments  
1.3 on student loans by teachers; proposing coding for new law in Minnesota  
1.4 Statutes, chapter 290.

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

1.6 Section 1. **[290.0683] STUDENT LOAN CREDIT FOR TEACHERS.**

1.7 Subdivision 1. **Definitions.** (a) For purposes of this section, the following terms  
1.8 have the meanings given them unless the context clearly indicates otherwise.

1.9 (b) "Income-driven repayment plan" means a payment plan established by the  
1.10 United States Department of Education that sets monthly student loan payments based  
1.11 on income and family size under United States Code, title 20, section 1087e, or similar  
1.12 authority and specifically includes, but is not limited to:

1.13 (1) the income-based repayment plan under United States Code, title 20, section  
1.14 1098e;

1.15 (2) the income contingent repayment plan established under United States Code,  
1.16 title 20, section 1087e, subsection (e); and

1.17 (3) the PAYE program or REPAYE program established by the United States  
1.18 Department of Education under administrative regulations.

1.19 (c) "Qualified loan payment" means the payment of principal and interest on a  
1.20 student loan made by a teacher during the taxable year if the payments are made under an  
1.21 income-driven repayment plan.

1.22 (d) "Teacher" means a licensed teacher employed for all or part of the taxable year  
1.23 by a public school located in this state.

2.1 Subd. 2. **Credit allowed.** A teacher is allowed a credit against the tax imposed by  
2.2 this chapter equal to 50 percent of the lesser of:

2.3 (1) the qualified loan payments made by the teacher during the taxable year; or

2.4 (2) the amount of wages, as defined in section 290.92, paid by a public school  
2.5 located in this state to the teacher for the taxable year.

2.6 Subd. 3. **Credit refundable.** (a) If the credit allowed under this section exceeds  
2.7 the liability for tax under this chapter, the commissioner shall pay the excess as a refund  
2.8 to the teacher.

2.9 (b) An amount sufficient to pay the refunds required by this section is appropriated  
2.10 from the general fund to the commissioner.

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