

SENATE

STATE OF MINNESOTA

EIGHTY-NINTH SESSION

S.F. No. 2983

(SENATE AUTHORS: JENSEN)

DATE	D-PG	OFFICIAL STATUS
03/21/2016	5149	Introduction and first reading Referred to Taxes

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

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

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

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

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

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

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

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

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

(d) "Teacher" means a licensed teacher employed for all or part of the taxable year
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.