

Subject Student loan credit expansion

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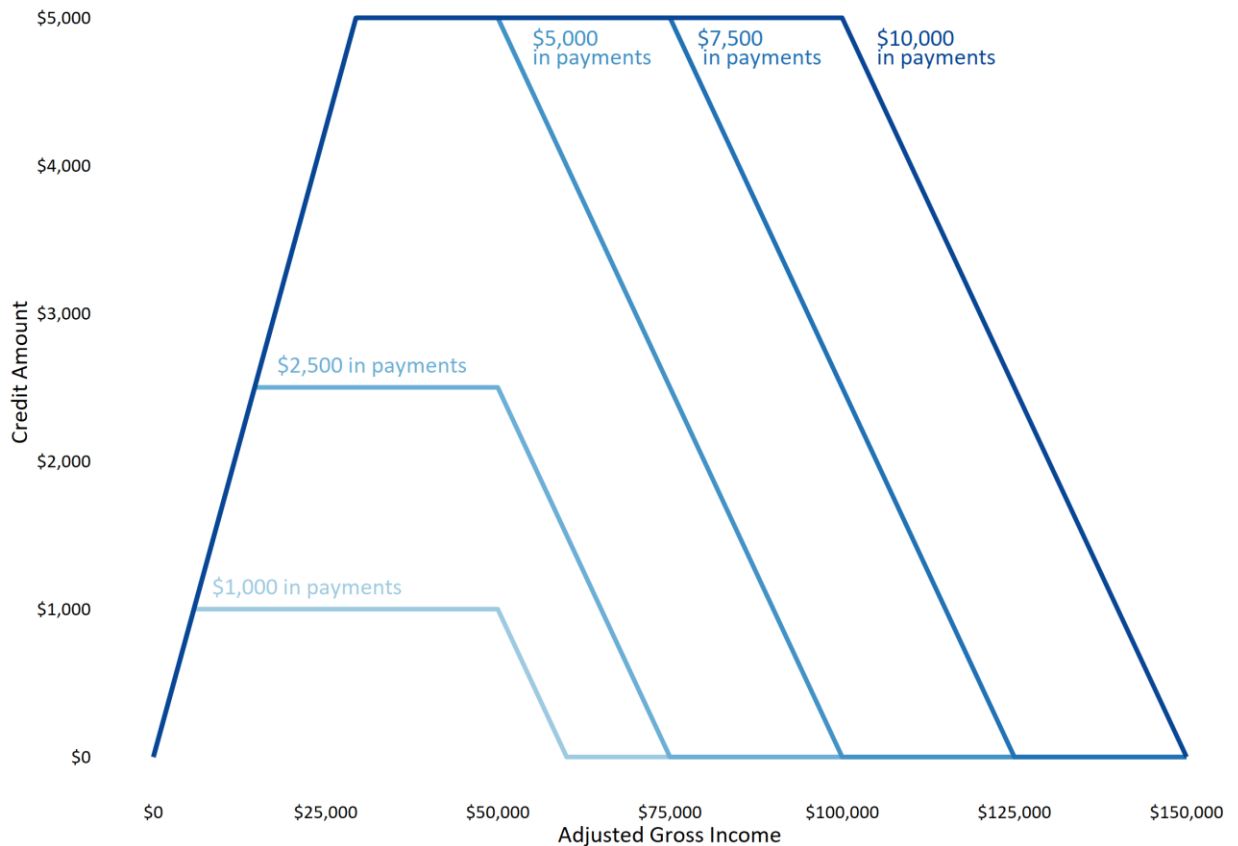
Summary

H.F. 443 modifies the Minnesota student loan credit in four ways: it increases the maximum credit and income-based phaseout, modifies the earned income limitation, and makes the credit refundable.

| | Current Law | H.F. 443 |
|--------------------------|--|--|
| Maximum credit | \$500 | \$5,000 |
| Earned income limitation | Credit is limited to a taxpayer's earned income. A taxpayer would need \$500 of earned income to receive the maximum credit. | Credit is limited to 17% of a taxpayer's earned income. A taxpayer would need \$29,412 of earned income to receive the \$5,000 maximum credit. |
| Income-based phaseout | Credit equals eligible student loan payments, minus 10% of adjusted gross income in excess of \$10,000 | Increases the adjusted gross income threshold from \$10,000 to \$50,000 |
| Refundability | Credit is nonrefundable | Credit is refundable |

The graph below displays how a taxpayer's credit will vary depending on the taxpayer's adjusted gross income and the amount of student loan payments the taxpayer made. To facilitate comparisons, the graph assumes that the entirety of a taxpayer's adjusted gross income is earned income.

Student loan credit by adjusted gross income and student loan payments made, H.F. 443



Note: Graph assumes all of a taxpayer's income is earned income.



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