

HOUSE RESEARCH

Bill Summary

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Version: As introduced

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Authors: Applebaum and others

Subject: Income tax credit for student loan payments

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Allows a refundable individual income tax credit of up to \$5,000 for principal and interest payments on student loans. Allows the credit for either the individual who has a student loan or the individual's parent, but the total credit for the individual and parent is limited to \$5,000 per year. A student may claim the credit if the student's loans are related to an undergraduate or graduate degree program at an eligible postsecondary institution.

A student may claim the credit if he or she has a "qualified education loan," which is any loan used to pay for the costs of attending an educational institution. This includes federal direct and Perkins loans, state loans, and private student loans.

If a student's loans are related to the costs of attending a school in Minnesota, he or she may only claim the credit if the school is eligible for grant programs administered by the Office of Higher Education. If a student's loans are related to the costs of attending a school outside of Minnesota, he or she may only claim the credit if the school is eligible for federal Pell grants.

Effective date: tax year 2015.