

HOUSE RESEARCH

Bill Summary

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Version: As introduced

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Subject: Greater Minnesota internship grant program established and tax credit repealed.

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Overview

The 2013 legislature established a tax credit for businesses in greater Minnesota that hire postsecondary students to participate in paid internships. To receive the credit an employer needed to sign a written agreement with a postsecondary institution establishing the parameters of the internship. The Office of Higher Education (OHE) allocated the credits to eligible institutions on a first-come, first-served basis.

H.F. 3601 would repeal the tax credit provided through the program and replace it with a grant program administered by OHE. The size of grants awarded under the program would be equal to the size of the tax credits available under current law.

Section

1 Greater Minnesota Internship Grant Program.

Subdivision 1. Definitions. Defines “eligible employer” as an employer with employees in greater Minnesota. Removes references to a taxpayer under section 290.01.

Subd. 2-3. Replaces references to tax credit in existing language with references to the new grant program.

Subd. 4. Grant calculation. (a) Replaces references to the tax credit with references to the grant program. Stipulates that grants must be made up to the available appropriation.

Section

(b) Requires OHE to disburse a grant to an employer equal to the lesser of: (1) the grant amount agreed to between the postsecondary institution and the employer offering the internship; or (2) 40 percent of the compensation paid to an intern.

(c) Permits OHE to reserve up to 1 percent of the funds appropriated for the program for administrative costs. Requires the office to proportionally allocate this amount to the participating postsecondary institutions for their administrative costs.

Subd. 5. Requires OHE to annually report to the legislature by February 1 on the number and dollar amount of grants distributed, the number of interns employed, the cost of administering the program, and the number of students who participated in the program and were subsequently employed full time. Repeals existing language that OHE and the Department of Revenue report to the legislature with an analysis of the effectiveness of the program in stimulating businesses to hire interns and in assisting interns in finding permanent positions.

Section 1 is effective January 1, 2017, and applies to grants made in FY 2017 and later.

2 Appropriation. Appropriates an unspecified amount in fiscal 2017 from the general fund to OHE for the internship program.

3 Repealer. Repeals the Greater Minnesota internship tax credit.