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Authors: Banaian and others
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Analyst: Kathy Novak
Nina Manzi, 651-296-5204

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Overview

This bill authorizes a new internship program administered by the Office of Higher Education (OHE) through postsecondary institutions that are eligible for the state grant program and employers who receive a refundable business tax credit. All of the internships must be located in Greater Minnesota and must be taken for academic credit or as a necessary part of certification. The maximum tax credit is set at \$1,250 per intern for up to five interns employed in a 12-week or more internship. The total tax credits authorized are \$1,250,000.

1 **Greater Minnesota internship program.**

Subd. 1. Definitions. Defines "eligible employer," "eligible institution," "eligible student," and "greater Minnesota" for this program.

Subd. 2. Program established. Requires the Office of Higher Education to administer an internship program through public and private nonprofit institutions that provides institution credit to students and tax credits to employers.

Subd. 3. Program components. Requires students to be admitted to a major closely related to the intern experience. Requires institutions to have written agreements with employers for 12-week or more internships, paying at least minimum wage for a minimum of 16 hours per week and to provide academic credit for the internship. Requires employers to enter into written agreements with the institution agreeing to the terms of the internship and stating that the intern would not have been hired without the credit and does not replace existing employees. Requires annual reports to OHE from institutions and employers. Excludes clinical internships from the program.

Subd. 4. Tax credit allowed; maximum limits. Authorizes a tax credit of 40 percent of the intern's compensation up to \$1,250 per intern for a maximum of five interns in a taxable year. Limits the total tax credits in a fiscal year to \$1.250 million.

Subd. 5. Allocations to institutions. Requires OHE to allocate tax credits and administrative

fees to institutions based on relevant criteria, including geographic distribution of work locations.

Subd. 6. Reports to the legislature. Requires OHE and DOR to submit two reports to the legislature on the program. The February 1, 2013 report must have cost and participation information. The February 1, 2014 report must have an effectiveness analysis.

- 2 **Greater Minnesota internship credit.** Establishes a new refundable business tax credit for employers participating in the internship program. The tax credit equals 40 percent of the intern's compensation up to \$1,250 per intern. Appropriates the amount necessary for the credit program to DOR plus an administrative fee for OHE and participating institutions equal to one percent of the total authorized credits.

Provides the credit is effective for taxable years beginning after December 31, 2011.