

Greater Minnesota Internship Tax Credit Program

In May 2013, Governor Dayton signed into law a new program called the Greater Minnesota Internship Tax Credit Program. The new program, administered by the MN Office of Higher Education, is designed to stimulate businesses to hire college students as interns to work in greater Minnesota and assist those college students in finding permanent career positions.

Each participating institution was granted a limited number of tax credits to assign for eligible employers hosting student interns. Those employers selected to earn the tax credit will be notified, but all are encouraged to provide the necessary information if interested in participating in the program.

Students earn postsecondary academic credit while being employed as interns in greater Minnesota (counties other than Anoka, Carver, Chisago, Dakota, Hennepin, Isanti, Ramsey, Scott, Sherburne, Washington, and Wright) and participating employers who hire eligible students as interns in greater Minnesota can apply for tax credits up to \$2,000 per intern.

Employers eligible to apply for the tax credit must:

- Be a taxpayer under Minnesota Statutes Section 290.01; and
- Enter into an agreement with a participating college to employ an eligible student intern; and
- Certify the student intern:
 - Would not have been hired without the tax credit; and
 - Did not previously work for the employer in a same or similar job; and
 - Does not replace a current employee; and
 - Has not previously participated in the program; and
 - Will be employed at a location in greater Minnesota; and
 - Will be paid at least minimum wage; and
 - Will work for a minimum of 16 hours per week for at least 12 weeks; and
 - Will be supervised and evaluated.
- In addition, employers must agree to provide the college and/or the Office with follow-up data on any participating student interns later employed full-time by the employer.

How much is the tax credit?

Eligible employers can apply for a tax credit of up to \$2,000 per student intern who completes an eligible internship experience. The amount of the tax credit is 40% of the compensation paid to each eligible student intern during an internship experience; not to exceed \$2,000 per student intern.

What Is the Application Process?

An employer enters into a signed agreement with a participating Minnesota college to employ each eligible student. The participating Minnesota college will certify on the agreement the maximum tax credit amount for which the employer can apply based on

employing the student in the specified internship experience. Then, when filing its annual Minnesota tax return, the employer applies for the tax credit for each eligible student intern it employed during the tax year. Employers will want to retain documentation from the participating Minnesota college showing the student successfully completed the internship experience and was awarded academic credit.

Which students are eligible?

Students must:

- Be attending a participating college
- Have completed 50% of the credits required to complete their certificate, diploma or degree program including both undergraduate and graduate programs*
- Be employed as an intern in Greater Minnesota defined as any county ***other*** than Anoka, Carver, Chisago, Dakota, Hennepin, Isanti, Ramsey, Scott, Sherburne, Washington, and Wright
- ***Not be employed as an intern in order to complete requirements as part of his or her academic program's curriculum***
 - For example, a student enrolled in a nursing program completing clinical hours or a student enrolled in an auto body repair program completing required internship credits.
 - Exception is if student will be receiving academic credit to fulfill a general or liberal arts required of all students.

Additional Resources

MN Office of Higher Education – Greater MN Internship Tax Credit Info:

- <http://www.ohe.state.mn.us/mPg.cfm?pageID=2099>

Greater Minnesota Internship Tax Credit – Employer Agreement Form:

- <http://mcad.edu/work-mcad/hire-intern>

Tax Form: Schedule M1B, Business and Investment Credits 2014

- http://www.revenue.state.mn.us/Forms_and_Instructions/m1b_14.pdf