



**Greater
Minnesota
Internship
Tax
Credit
Program**

2016-2017

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I. Greater Minnesota Internship Tax Credit Program

A. Program Objective

1. To stimulate businesses to hire postsecondary students as interns and assist participating interns in finding permanent career positions by providing academic credit at participating postsecondary institutions to participating postsecondary students employed as interns in greater Minnesota (Counties other than Anoka, Carver, Chisago, Dakota, Hennepin, Isanti, Ramsey, Scott, Sherburne, Washington and Wright) and tax credits for participating employers who hire eligible postsecondary students as interns in greater Minnesota.

B. Eligibility to Participate

1. Postsecondary Institutions

To be eligible, a postsecondary institution must be located in Minnesota and must:

- a. complete a Participation Agreement form provided by the Office; and
- b. be a public postsecondary institution or a Minnesota private, nonprofit, baccalaureate degree-granting college or university.

2. Student

To be eligible, a student must:

- a. be enrolled in an participating institution; and
- b. have completed one-half of the credits necessary for the respective degree or certification; and
- c. not employed by an eligible employer to fulfill degree or certificate requirements as part of his or her academic program's curriculum.
 - i. For example, a student enrolled in a nursing program and employed by an eligible employer to complete clinical hours or a student enrolled in an auto body repair program completing required internship credits as an employee of an auto body repair shop.

C. Arranging Eligible Internship Positions

1. A written agreement must be entered into between the postsecondary institution, the internship provider/employer and the student.

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2. At a minimum, the agreement must specify the following:
 - a. Postsecondary institution agrees that:
 - i. the student is eligible to participate; and
 - ii. the work experience of the internship is related to the eligible student's course of study; and
 - iii. the necessary academic forms have been submitted in order for academic credit to be awarded to the student upon successful completion of the internship experience.
 - b. Internship Provider/Employer agrees that the student:
 - i. would not have been hired without the tax credit; and
 - ii. did not work for the Internship Provider/Employer in a same or similar job prior to the Internship Start Date listed on the agreement; and
 - iii. does not replace a current employee; and
 - iv. has not previously participated in the program; and
 - v. will be employed at a location in greater Minnesota (Counties other than Anoka, Carver, Chisago, Dakota, Hennepin, Isanti, Ramsey, Scott, Sherburne, Washington and Wright); and
 - vi. will be paid at least minimum wage; and
 - vii. will work for a minimum of 16 hours per week for at least 8 weeks; and
 - viii. will be supervised and evaluated.
 - c. The student agrees to:
 - i. complete any requirements established by my college including, but not limited to, assignments, tasks or a final project/paper in order to receive academic credit for successful completion of the internship experience; and
 - ii. give permission to his or her college, the Office of Higher Education and the internship provider/employer to share information and documentation about the internship experience with each other including, but not limited to, attendance, wage and performance evaluation records.
 - d. In addition, the agreement must also specify the following:
 - i. Internship provider/employer information including:
 - name of organization/company or business; and
 - Federal Employer Identification Number (FEIN); and
 - Minnesota Tax ID.

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- ii. Internship experience information including:
 - student name; and
 - name and contact information for the Faculty or Academic Representative who is responsible for awarding academic credit upon successful completion of the internship experience; and
 - internship start and end dates; and
 - approximate hours per week the student will work; and
 - hourly wage the student will be paid; and
 - county in which internship experience will take place.
- iii. The postsecondary institution and the internship provider/employer agree to annually report to the Office:
 - the number of interns hired; and
 - the number of hours and weeks worked by interns; and
 - the compensation paid to interns.
- iv. Certification by the postsecondary institution of the maximum tax credit amount for which the internship provider/employer may apply after the student listed on the agreement has successfully completed the internship experience.
 - The maximum tax credit amount is \$2,000 per student intern.
3. A participating postsecondary institution may design its own agreement form or modify an existing institutional form however the form must include the minimum requirements listed above.
 - a. A template is provided in the Appendix of this chapter.
4. Signed agreements must be on file at the postsecondary institutions and are subject to state audit reviews. A sample contract is provided in Appendix 1.

D. Application for Tax Credit Process

1. Employers may apply for a Greater Minnesota Internship Tax Credit if:
 - a. There is a signed agreement with an eligible and participating postsecondary institution that certifies:
 - i. The employee was an eligible student during the tax year; and
 - ii. A maximum tax credit amount for the student listed on the agreement; and

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- iii. Documentation from the postsecondary institution showing the student successfully completed the internship experience and was awarded academic credit.
 - b. The tax credit amount for which an eligible employer may apply is based on the following formula:
 - i. 40 percent of the compensation paid to an eligible student intern during the internship experience; and
 - ii. Not to exceed \$2,000 per student intern or the maximum amount certified by the postsecondary institution on the signed agreement.
- 2. The Minnesota Department of Revenue will provide a form beginning in Tax Year 2013 for eligible employers to use when completing their annual taxes.

E. Allocation of Tax Credits by Postsecondary Institutions to Internship Providers/Employers

- 1. The amount of tax credits available for postsecondary institutions to allocate to eligible employers is limited.
 - a. The total amount of tax credits allocated must not exceed \$2,000,000.
- 2. Each year, postsecondary institutions will be asked to provide an estimated number of eligible students they expect to be able to place with eligible employers in eligible internship experiences for the next tax year.
 - a. Postsecondary institutions will provide this estimate on the annual participation agreement.
- 3. Based on the estimates provided by postsecondary institutions, an initial notice will be provided which will indicate the maximum allowable tax credits each eligible and participating institution may allocate.
- 4. Throughout the tax year, postsecondary institutions will be asked to report:
 - a. The number and amount of tax credits allocated; and
 - b. Any change in the estimated number of tax credits it will be able to allocate; and
 - c. The number, if any, of eligible internship providers/employers on a waiting list who have internship opportunities for which no eligible students have been placed due to the limited amount of tax credits available at the postsecondary institution.
- 5. Based on the information provided by postsecondary institutions throughout the tax year the Office will:

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- a. Notify postsecondary institutions with excess tax credits available of a reduction in the amount of available tax credits available for the postsecondary institution to allocate; and
- b. Will reallocate excess tax credits to postsecondary institutions with waiting lists.

F. State Audit Requirements

1. Records Available for Auditors

- a. OHE auditors will periodically visit each participating postsecondary institution to perform an audit.
- b. The postsecondary institution also has the option of hiring an outside auditing firm to conduct its state audits in conjunction with its audits of federal aid programs. (See ‘Audits’ under the Common Definitions chapter of the Financial Aid Manual for further information.)
- c. The postsecondary institution must establish a procedure by which an audit can be conducted by going to no more than three administrative offices within the postsecondary institution. In most cases, these will be the financial aid office, the business office and the registrar’s office, but that choice is made by the postsecondary institution.
- d. The postsecondary institution must maintain and make available to auditors individual student registration and financial aid files (only if student applied for financial aid) for each student listed on an annual application.
- e. Historical records and documentation must be kept on file for three years after the last day of the fiscal year or until all audit exceptions for the period are resolved.

2. Student Eligibility

- a. The postsecondary institution must have written documentation that each student listed on an annual application meets all of the program eligibility requirements described in the ‘Eligibility to Participate’ section in this chapter.

3. Internship Provider/Employer Agreements

- a. During an audit review, the postsecondary institution must be able to produce internship provider/employer agreements as described in the ‘Arranging Eligible Internship Positions’ section of this chapter.



**Minnesota
Statutes
Governing
Greater
Minnesota
Internship
Tax
Credit
Program**

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136A.129 GREATER MINNESOTA INTERNSHIP PROGRAM.

Subdivision 1. Definitions.

- (a) For the purposes of this section, the terms defined in this subdivision have the meanings given to them.
- (b) “Eligible employer” means a taxpayer under section 290.01 with employees located in greater Minnesota.
- (c) “Eligible institution” means a Minnesota public postsecondary institution or a Minnesota private, nonprofit, baccalaureate, or graduate degree-granting college or university.
- (d) “Eligible student” means a student enrolled in an eligible institution who has completed one-half of the credits necessary for the respective degree or certification, including a graduate degree.
- (e) “Greater Minnesota” means the area of the state outside of the counties of Anoka, Carver, Chisago, Dakota, Hennepin, Isanti, Ramsey, Scott, Sherburne, Washington, and Wright.

Subd. 2. Program established. The office shall administer a greater Minnesota internship program through eligible institutions to provide credit at the eligible institution for internships and tax credits for eligible employers who hire interns for employment in greater Minnesota.

Subd. 3. Program components.

- (a) An intern must be an eligible student who has been admitted to a major program that is related to the intern experience as determined by the eligible institution.
- (b) To participate in the program, an eligible institution must:
 - (1) enter into written agreements with eligible employers to provide internships that are at least eight weeks long and located in greater Minnesota; and
 - (2) provide academic credit for the successful completion of the internship or ensure that it fulfills requirements necessary to complete a vocational technical education program.
- (c) To participate in the program, an eligible employer must enter into a written agreement with an eligible institution specifying that the intern:
 - (1) would not have been hired without the tax credit described in subdivision 4;
 - (2) did not work for the employer in the same or a similar job prior to entering the agreement;
 - (3) does not replace an existing employee;
 - (4) has not previously participated in the program;
 - (5) will be employed at a location in greater Minnesota;

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- (6) will be paid at least minimum wage for a minimum of 16 hours per week for a period of at least eight weeks; and
- (7) will be supervised and evaluated by the employer.
- (d) The written agreement between the eligible institution and the eligible employer must certify a credit amount to the employer, not to exceed \$2,000 per intern. The total dollar amount of credits that an eligible institution certifies to eligible employers in a calendar year may not exceed the amount of its allocation under subdivision 4.
- (e) Participating eligible institutions and eligible employers must report annually to the office. The report must include at least the following:
 - (1) the number of interns hired;
 - (2) the number of hours and weeks worked by interns; and
 - (3) the compensation paid to interns.
- (f) An internship required to complete an academic program does not qualify for the greater Minnesota internship program under this section.

Subd. 4. Tax credit allowed. An employer is entitled to a tax credit as provided in section 290.06, subdivision 36. The total amount of credits allocated in a calendar year must not exceed \$2,000,000. The office shall determine relevant criteria to allocate the tax credits including the geographic distribution of credits to work locations outside the metropolitan area, and shall allocate credits to eligible institutions that meet the criteria on a first-come, first-served basis. Any credits allocated to an institution but not used may be reallocated to eligible institutions. The office shall allocate a portion of the administrative fee under section 290.06, subdivision 36, to participating eligible institutions for their administrative costs.

Subd. 5. Reports to the legislature.

- (a) By February 1, 2016, the office and the Department of Revenue shall report to the legislature on the greater Minnesota internship program. The report must include at least the following:
 - (1) the number and dollar amount of credits allowed;
 - (2) the number of interns employed under the program; and
 - (3) the cost of administering the program.
- (b) By February 1, 2017, the office and the Department of Revenue shall report to the legislature with an analysis of the effectiveness of the program in stimulating businesses to hire interns and in assisting participating interns in finding permanent career positions. This report must include the number of

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students who participated in the program who were subsequently employed full-time by the employer.

History: 2013 c 143 art 6 s 4; 2014 c 149 s 21; 2014 c 308 art 4 s 4-6

290.06 RATES OF TAX; CREDITS.

Subd. 36. Greater Minnesota internship credit.

- (a) A taxpayer who is an eligible employer may take a credit against the tax due under this chapter equal to the lesser of:
- (1) 40 percent of the compensation paid to an intern qualifying under the program established under section 136A.129, but not to exceed \$2,000 per intern; or
 - (2) the amount certified to the taxpayer by an eligible institution out of the institution's allocation of credits for the calendar year, as provided in section 136A.129.
- (b) Credits allowed to a partnership, a limited liability company taxed as a partnership, an S corporation, or multiple owners of property are passed through to the partners, members, shareholders, or owners, respectively, pro rata to each partner, member, shareholder, or owner based on their share of the entity's income for the taxable year.
- (c) If the amount of credit which the taxpayer is eligible to receive under this subdivision exceeds the taxpayer's tax liability under this chapter, the commissioner of revenue shall refund the excess to the taxpayer.
- (d) An amount necessary to pay claims for refund provided in this subdivision is appropriated from the general fund to the commissioner of revenue.
- (e) An amount equal to one percent of the total amount of the credits authorized under section 136A.129, subdivision 4, for an administrative fee for the Office of Higher Education and participating eligible institutions is appropriated from the general fund to the commissioner of revenue, for a transfer to the Office of Higher Education.
- (f) For purposes of this subdivision, the terms "eligible employer" and "eligible institution" have the meanings given in section 136A.129.



**Appendices:
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Appendix: Greater Minnesota Internship Tax Credit Program

Appendix

Greater Minnesota Internship Tax Credit Agreement Templates..... 1

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Greater Minnesota Internship Tax Credit Tax Year 2016 Student Agreement

**MINNESOTA
OFFICE OF
HIGHER
EDUCATION**

SECTION 1: Student Information		
Student Name (Last, First, Middle)		
Student Postsecondary Institution	Student Academic Program/Major	
Student SSN/Student Number	Phone Number	
Address	Email Address	
City	State	ZIP Code
SECTION 2: Employer/Supervisor Information		
Internship Provider/Employer Name		
Address of Internship Location	County	
City	State	ZIP Code
Internship Supervisor Name	Title	
Phone Number	Email Address	
SECTION 3: Student Certification		
Please check the box next to each statement indicating you have read and understand each statement:		
<input type="checkbox"/> The information I provide as part of this agreement is true and complete, to the best of my knowledge.		
<input type="checkbox"/> I give permission to my college, the Office of Higher Education and my internship provider/employer to share information and documentation about my internship experience with each other including, but not limited to, attendance, wage and performance evaluation records.		
<input type="checkbox"/> In order for me to receive academic credit for this internship experience, I must complete any requirements established by my college including, but not limited to, assignments, tasks or a final project/paper.		
<input type="checkbox"/> I will perform all tasks assigned by my internship provider/employer to the best of my ability.		
<input type="checkbox"/> I will keep regular attendance and be on time, both at school and at my internship site, and I will promptly notify my internship provider/employer if unable to report.		
<input type="checkbox"/> I understand placement and participation in this internship experience is not employment with my college and I will not be covered by my college's workers compensation coverage.		
<input type="checkbox"/> I understand I will not receive any money, compensation or benefits of any kind from my college in exchange for this internship experience.		
<input type="checkbox"/> I understand participation in this internship experience does not promise or guarantee employment with my internship provider/employer after this internship experience ends.		
Student Signature	Date (month, day, year)	

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Greater Minnesota Internship Tax Credit Tax Year 2016 Internship Provider/Employer Agreement

**MINNESOTA
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SECTION 1: Internship Provider/Employer Information			
Internship Provider/Employer Name			
FEIN	Minnesota Tax ID	Main Phone Number	
Address		County	
City	State	ZIP Code	
Type of Business <input type="checkbox"/> C Corporation <input type="checkbox"/> S Corporation <input type="checkbox"/> Partnership <input type="checkbox"/> Sole Proprietor <input type="checkbox"/> Fiduciary <input type="checkbox"/> Tax-Exempt Organization			
SECTION 2: Student/Internship Experience Information			
Student Name (Last, First, Middle)			
Internship Start Date	Internship End Date	Approx. hours per week	Hourly wage
Address of Internship Location		County	
City	State	Zip Code	
Internship Supervisor Name		Title	
Phone Number		Email Address	
SECTION 3: Internship Provider/Employer Certification			
Please check the box next to each statement indicating you have read and understand each statement:			
<input type="checkbox"/> The information I provide as part of this agreement is true and complete, to the best of my knowledge. <input type="checkbox"/> I certify that the Internship Provider/Employer is a private organization eligible to participate in this program. <input type="checkbox"/> I certify the student intern/employee listed on this agreement: <ul style="list-style-type: none"> <input type="checkbox"/> did not work for the Internship Provider/Employer in a same or similar job prior to the Internship Start Date listed on this agreement; and <input type="checkbox"/> does not replace a current employee; and <input type="checkbox"/> has not previously participated in the program; and <input type="checkbox"/> will be employed at a location in greater Minnesota (counties other than Anoka, Carver, Chisago, Dakota, Hennepin, Isanti, Ramsey, Scott, Sherburne, Washington and Wright); and <input type="checkbox"/> will be paid at least minimum wage; and <input type="checkbox"/> will work for a minimum of 16 hours per week for at least 8 weeks; and <input type="checkbox"/> will be supervised and evaluated. <input type="checkbox"/> I certify the Internship Provider/Employer will provide the college and/or the Office of Higher Education with an annual report regarding student interns/employees employed as part of this program which must include, but is not limited to: the number employed, number of hours and weeks worked, compensation paid and the number of student interns employed full-time after the internship end date.			
Signature of Internship Provider/Employer Representative			Date (month, day, year)
Print Name			Title

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Greater Minnesota Internship Tax Credit Tax Year 2016 Postsecondary Institution Agreement

**MINNESOTA
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SECTION 1: Postsecondary Institution Information	
Postsecondary Institution Name	School Code
SECTION 2: Student/Internship Experience Information	
Student Name (Last, First, Middle)	Student SSN/Student Number
Student Academic Program/Major	
Faculty/Academic Representative (Responsible for Awarding Academic Credit)	Phone
Internship Provider/Employer Name	Phone
SECTION 3: Postsecondary Institution Certification	
Please check the box next to each statement indicating you have read and understand each statement:	
<input type="checkbox"/> The information I provide as part of this agreement is true and complete, to the best of my knowledge. <input type="checkbox"/> I certify the Postsecondary Institution is eligible to participate in this program and has completed a participation agreement with the Office of Higher Education. <input type="checkbox"/> I certify the student listed on this agreement has: <ul style="list-style-type: none"> o completed one-half of the credits necessary to complete his/her degree or certificate program; and o submitted the necessary academic forms in order for academic credit to be awarded upon successful completion of this internship experience. <input type="checkbox"/> I certify, based on information provided by the Internship Provider/Employer, student and/or a faculty/academic representative, this internship experience is related to the student's course of study. <input type="checkbox"/> I certify, the Postsecondary Institution will notify the Internship Provider/Employer: <ul style="list-style-type: none"> o if the student is no longer enrolled and/or eligible to participate in the program during the internship experience; and o whether or not the student is awarded academic credit after completing the internship experience. <input type="checkbox"/> I certify the Postsecondary Institution will provide to the Office of Higher Education an annual report regarding students participating in this program which must include, but is not limited to: the number of participating students, number of hours and weeks of expected work, expected compensation and the number of credits provided to participating students upon successful completion of internships as part of this program.	
SECTION 4: Tax Credit Amount Certification	
<input type="checkbox"/> I certify the Internship Provider/Employer, upon successful completion of this internship experience by the above student, is eligible for a Greater Minnesota Internship Tax Credit of up to: \$2,000	
Signature of Postsecondary Institution Representative	Date (month, day, year)
Print Name	Phone Number

