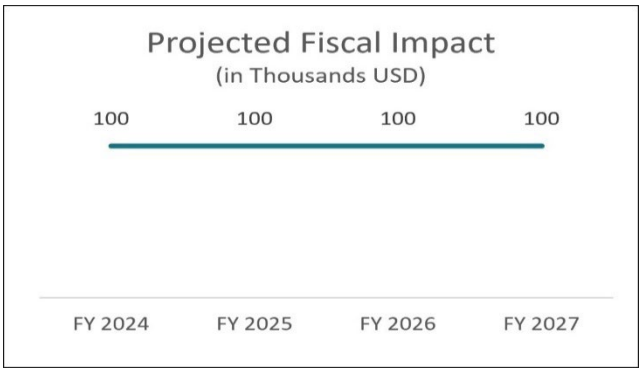
AmeriCorps National Service Education Awards Subtraction

Tax Expenditure Initial Review - TEB 1.4.11

Tax Expenditure Facts

Year Enacted	2008
Statute	Minnesota Statutes 2025, section 290.0132, subdivision 16
Tax Type	Individual Income Tax
Provision Type	Subtraction
Latest Fiscal Impact Estimate	$100,000– Fiscal Year 2027
Latest Claims Estimate	500–Tax Year 2022
Expiration Date	None



Tax Expenditure Description

A subtraction from federal adjusted gross income is allowed for the amount of a national service education award received from the National Service Trust in the AmeriCorps National Service program. The award can be used to pay college tuition or repay student loans.

Additional Background Information

Individuals who complete a term of service in a qualifying AmeriCorps program are eligible to receive an education award that can be used to pay for postsecondary education expenses or to repay student loans.[i] The National Service Trust, a federal fund established in 1993, is used to pay for AmeriCorps education awards. The award amount is equal to the maximum value of the Pell Grant for the fiscal year in which the term of service is approved–$7,395 for full-time AmeriCorps positions approved in fiscal year 2024.[ii] An individual may receive more than one award, but the total amount is limited to the aggregate value of two full-time education awards.[iii] Awards are subject to federal income tax. If the award was used for student loan payments and loan interest was deducted on a federal return the subtraction must be reduced by the amount of interest attributable to the award.[iv]

A similar subtraction was allowed for tax years 1997 through 2004.

Beneficiaries of the subtraction include Minnesota residents who receive a national service educational award from The National Service Trust under United States Code, title 42, sections 12601 to 12604, for service in an approved AmeriCorps National Service program. The subtraction is administered by the Department of Revenue. The subtraction for AmeriCorps education awards reduces the amount of individual income tax revenue that would otherwise be generated. State income tax collections are deposited in the state General Fund, except as provided in the Minnesota Constitution or Minnesota Statutes, section 290.62.

Proposed Tax Expenditure Objective for Consideration

The objective of the AmeriCorps National Service Education Awards Subtraction is to reduce the tax liability of award recipients and encourage the use of post-service education benefits.

Sources

The subtraction was introduced in SF630 and companion bill HF871 during the 2007 legislative session.[v] Both bills were laid over for inclusion in the omnibus tax bill HF2268, which was vetoed; but identical language was included in the 2008 omnibus tax bill HF3149, which was enacted.[vi] The proposed objective is based on bill testimony in House and Senate Tax Committees. Testifiers emphasized that the tax liability associated with the award could be burdensome for recipients and discourage benefit use because AmeriCorps only provides a modest living stipend, thus individuals tend to leave AmeriCorps service with few financial resources. [vii]

Potential Metrics and Performance Measures

A comparison of award use before and after enactment or testing the relationship between benefit use rates and state tax treatments may indicate subtraction effectiveness.

Contact Information and Disclaimer

This tax expenditure review was prepared by the Legislative Budget Office for the Tax Expenditure Review Commission pursuant to Minnesota Statutes 2025, section 3.8855, subdivision 4.

Notice: Proposed tax expenditure objective statements are not binding authority and should not be used as a legal interpretation of any tax expenditure statute.

For questions regarding this review, please contact the Legislative Budget Office at 651-297-7146 or lbo@lbo.mn.gov.

For more information, please visit the Tax Expenditure Review Commission website.

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[i] "Segal AmeriCorps Education Awards," AmeriCorps website, accessed June 23, 2026, https://my.americorps.gov/trust/help/member_portal/eli_segal_americorps_education_award.htm; "What is the National Service Trust?" AmeriCorps website, accessed November 27, 2023, https://my.americorps.gov/trust/help/institution/Online_Help_for_Institutions/Institution_FAQ_s/What_is_the_National_Service_Trust_.htm.

[ii] "Total Maximum Award Federal Pell Grant Program of the Higher Education Act," United States Congress, https://www.congress.gov/crs_external_products/R/HTML/R45418.web.html#_Toc182318278

[iii] Code of Federal Regulations, Title 45, Section 2525.50.

[iv] "AmeriCorps Program for Post-Service Awards," Minnesota Department of Revenue, https://www.revenue.state.mn.us/americorps-program-post-service-awards

[v] Minn. SF 630 (2007), online. Available at https://www.revisor.mn.gov/bills/text.php?number=SF630&version=latest&session=ls85&session_year=2007&session_number=0.

[vi] Minn. HF 2268-2E, (2007), online. Available at https://www.revisor.mn.gov/bills/85/2007/0/HF/2268/versions/2/. Subtraction language is included in article 4, section 5 (lines 84.25-84.28); HF 3149-4E, 85th Legislature (2008). Available at https://www.revisor.mn.gov/bills/text.php?number=HF3149&session=ls85&version=list&session_number=0&session_year=2008. Subtraction language is included in article 4, section 4 (lines 30.10-30.13).

[vii] Senate Taxes Committee hearing (February 22, 2007). SF 630 is discussed at 02:11:40 of the audio recording, available online at https://www.lrl.mn.gov/media/file?mtgid=850236; House Tax Committee hearing (March 14, 2007). HF 871 is discussed at 01:24:30 of the audio recording, available online at https://www.lrl.mn.gov/audio/house/2007/taxes031407.mp3.