



Headwaters Music and Arts Minnesota Education Credit Loan Program

Please note that the application process takes place Sept 1-October 20, 2018.

Headwaters Music and Arts has established a fund at the Grand Rapids Area Community Foundation (GRACF) to provide families with qualifying incomes for the Minnesota Education Credit a no-interest loan covering student Music Program fees. When families file for an education tax credit at tax time, their refund is increased and their loan is paid back to Headwaters from the refund. Headwaters staff will explain each step and provide the required documentation to file and utilize the credit.

Headwaters Music and Arts fees for music instruction qualify for the Minnesota K-12 tax credit. This credit allows the State of Minnesota to reimburse 75% of the education costs for a tax year. For example, if a family qualifies for the credit and has \$900 qualifying educational expenses, the State will reimburse the family \$675. The maximum that a family may claim is \$2000. The advantage to using the Headwaters Music and Arts Minnesota Education Credit Loan is greatly reduced out-of-pocket expenses for the family.

Families qualify for this tax credit if household income is \$37,500 or less for a family with one or two children. The amount increases from \$37,500 by \$ \$2000 with each additional child.

The MN Education credit will pay 75% of your student's fees for music education; the student's family is responsible for paying the final 25%. The final 25% may also be drawn out of their tax refund. For an explanation of the Education Credit, visit the Minnesota Revenue Department at http://www.revenue.state.mn.us/individuals/individ_income/Pages/K-12_Education_Subtraction_and_Credit.aspx.

Application Process:

1. Go to www.headwatersmusicandarts.org to complete your Headwaters Music Program registration, or stop by our building at 519 Minnesota Ave NW, Bemidji. Under payment options select "I am submitting a Financial Aid Application."
2. Only students committing to the Music Program for one full year are eligible to apply. Music books do not qualify for the Minnesota Education Credit.
3. Complete the Financial Aid Application portion of the online registration process.
4. Mail or drop off a copy of your most recent federal or state income tax report for verification of income to: Headwaters Music and Arts, 519 Minnesota Ave W, Bemidji MN 56601. If based on the documentation you submit verifying your income and your responses of the Financial Aid Application, it appears as though you will meet the requirements to use the Minnesota

Education Credit, then you will be eligible for financial assistance. We will notify you within 7 days.

5. Incomplete applications, applications without necessary documentation, or applications received after October 20, 2018, will not be considered for the Tax Credit Loan.

If approved, you must complete the following to qualify for the Tax Credit Loan. Here are the “next steps” in the process:

1. In October, we will send you the Minnesota Form M300 to fill out. You need to complete this form and return it to Headwaters Music and Arts, 519 Minnesota Ave NW, Bemidji MN 56601 no later than Wednesday, November 1. Families complete a Minnesota Revenue Department M300 Form to assign a portion of your refund to the Headwaters account at Grand Rapids Area Community Foundation until the balance loaned to the family is paid.
2. In 2017-2018, the Music Program fee for the year is \$900, (\$720 additional siblings). The MN Education Credit will reimburse 75% and the final 25%, or \$225 (\$180 additional siblings) from your tax refund will be assigned to Headwater’s account at GRACF. To see the form and instructions, go to http://www.revenue.state.mn.us/Forms_and_Instructions/2009/forms_m300.pdf. You may also choose to pay the final 25% directly to Headwaters Music & Arts when you register for the music program.
3. The Grand Rapids Area Community Foundation will issue a check, from the Headwaters account, to pay for your Music Program fee. We will ask you to schedule a time to meet with Headwaters staff to endorse the check over to Headwaters Music and Arts.
4. In January, we will send you form M1ED to file to utilize the MN Education Credit at tax time. We will also send you a statement showing that you paid for your tuition in full using the loan provided thanks to our account at the GRACF. To look at Form M1ED check out: http://www.revenue.state.mn.us/Forms_and_Instructions/m1ed_15.pdf.
5. As long as you file the M1ED with your MN Taxes, the MN Revenue Department will directly reimburse the Headwaters account at the GRACF with the MN Education credit paying 75% of your student(s) Music Program fee and the final 25% out of your tax refund.

Please note that if the tax refund does not cover the entire tuition for the year, the family will be billed for the balance owed. Headwaters is not in a position to answer questions regarding taxation. Please consult your tax advisor for assistance with your taxes.

Headwaters Music and Arts

519 Minnesota Ave NW

Bemidji MN 56601

218-444-5606 | www.headwatersmusicandarts.org