Thanks to generous community support, Headwaters Music and Arts has established a loan program for Headwaters Music Program families. The program provide no-interest loans to families with qualifying incomes through the Minnesota Education Credit. When you file for an education tax credit at tax time, your refund is increased and your loan is paid back from your state refund. For an explanation of the Education Credit, visit the Minnesota Revenue Department [here](#).

**How you benefit:** Because the music tuition is being “earned” through your qualifying education expense, you do not have to worry about paying a fee each month. This can be a big help to a family budget.

**How it works:** Headwaters Music and Arts music instruction fees qualify for the Minnesota K-12 tax credit. This credit through the State of Minnesota reimburses 75% of qualifying education costs for a tax year. For example, if a family qualifies for the credit and has $960 in qualifying educational expenses, the State will reimburse the family $720. You can choose to wait and have the remaining 25% come out of your tax return (if funds are available) or go ahead and pay $240 when you register.

**Application Timeline:** The application process opens September 1, 2019, with applications accepted through October 15, 2019. Loans are approved based upon available funds.

**How to qualify:** The initial criteria established by the State is household income of $37,500 or less for a family with one or two children. The amount increases from $37,500 by $ $2000 with each additional child. Families must also have documented earned income from the previous year. The State must also approve the request to reallocate your tax credit for this purpose. Families are expected to commit to Headwaters Music Program participation for 12 months.

**How to apply:** Complete Headwaters Music Program registration and submit it along with our Financial Aid Application a copy of the first page of your 2018 1040 form.

**If approved:** The only thing you will need to do right away in October is to fill out and return to Headwaters the Department of Revenue form MD1ER giving authorization to release tax information for assignment of refunds October. From there, Headwaters staff will assist with additional steps.

**If you do not qualify:** If you do not qualify for the tax credit loan, you may then be considered for financial assistance through Headwaters Music & Arts. In general, you must apply for the tax credit loan before being considered for financial assistance through Headwaters Music & Arts.

**A few more details:** 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. Headwaters Music & Arts appreciates the partnership and support of Grand Rapids Area Community Foundation, our fiscal agent in this process.

**For more information:** Contact Headwaters executive director Tricia Andrews at 444-5606 or headwaterschool@yahoo.com.