

January 24, 2023

	Yes	No
DOR Administrative Costs/Savings	X	

Department of Revenue
Analysis of H.F. 754 (Her)

	Fund Impact			
	F.Y. 2024	F.Y. 2025	F.Y. 2026	F.Y. 2027
		(000's)		
General Fund	\$0	\$0	\$0	(\$100)

Effective beginning tax year 2023.

EXPLANATION OF THE BILL

Current Law: The American Rescue Plan Act (ARPA) (Public Law 117-2) was enacted on March 11, 2021. The Act included a provision exempting certain forgiven loans from income tax, effective for tax years 2021 through 2025. Minnesota conformed to this provision through Laws 2023 Chapter 1.

Proposed Law: The bill would create a subtraction for discharged student loan debt that would qualify for the federal exclusion disregarding the federal expiration date.

REVENUE ANALYSIS DETAIL

- The estimate is based on the estimate for the federal legislation prepared by the staff of the Joint Committee on Taxation.
- Individual income tax impacts are allocated to the following fiscal year.
- The impact may grow over time as the number of individuals with eligible programs increases.

Minnesota Department of Revenue
Tax Research Division
<https://www.revenue.state.mn.us/revenue-analyses>