

March 8, 2021

	<b>Yes</b>	<b>No</b>
DOR Administrative Costs/Savings	X	

Department of Revenue  
Analysis of H.F.1658 (Stephenson)

	<b>Fund Impact</b>			
	<b><u>F.Y. 2022</u></b>	<b><u>F.Y. 2023</u></b>	<b><u>F.Y. 2024</u></b>	<b><u>F.Y. 2025</u></b>
	(000's)			
General Fund	(\$237,900)	\$0	\$0	\$0

Effective for tax years 2020 and 2021 only.

**EXPLANATION OF THE BILL**

The bill creates a temporary subtraction for supplemental unemployment insurance benefits. The subtraction is equal to federal pandemic unemployment compensation paid under the CARES Act (Public Law 116-136), as extended by the Consolidated Appropriations Act, 2021 (Public Law 116-260) and benefits paid under the federal Lost Wage Assistance program. The CARES Act provided an additional \$600 per week for eligible individuals in 2020. The CAA 2021 extended the program through March 14, 2021 but reduced the amount to \$300. The Lost Wage Assistance program provided supplemental payments of \$300 per week from July 26, 2020 to September 5, 2020.

**REVENUE ANALYSIS DETAIL**

- Total federal supplemental unemployment insurance payments from March 2020 through February 2021 were provided by the Department of Employment and Economic Development.
- It was assumed that around 65% of claims would result in taxable income on individual returns, based on the average percentage of claims that were reported as taxable income.
- Benefits as of February 2021 are \$5.4 billion. The estimate was increased by \$244 million to account for additional benefits that will be paid in 2021.
- A marginal rate of 6.5% was assumed.
- Retroactive impacts were allocated to fiscal year 2022.

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