

March 23, 2022

	Yes	No
DOR Administrative Costs/Savings	X	

Department of Revenue
Analysis of H.F. 3828 (Sandell) As Proposed to be Amended (H3828A1)

	Fund Impact			
	<u>F.Y. 2022</u>	<u>F.Y. 2023</u>	<u>F.Y. 2024</u>	<u>F.Y. 2025</u>
			(000's)	
General Fund	\$0	(\$19,300)	(\$7,300)	(\$7,400)

Effective retroactive to tax year 2020.

EXPLANATION OF THE BILL

Current Law: Minnesota law references the Internal Revenue Code as amended through December 31, 2018.

The Coronavirus Aid, Relief, and Economic Security (CARES) Act, enacted on March 27, 2020, expanded the exclusion for employer provided educational assistance programs to include student loan payments made by an employer on behalf of an employee, up to \$5,250.

As enacted, the exclusion applied in tax year 2020 only. It was later extended through tax year 2025 by the Consolidated Appropriations Act, 2021. Minnesota has not conformed to the exclusion.

Proposed Law: The bill would retroactively adopt the exclusion for employer student loan payments in the CARES Act and the Consolidated Appropriations Act 2021 extension through tax year 2025.

REVENUE ANALYSIS DETAIL

- The estimate is based on the estimate for the federal legislation prepared by the staff of the Joint Committee on Taxation.
- Retroactive impacts were allocated to fiscal year 2023.
- There would be an additional impact of -\$7.5 million in fiscal year 2026, after which the exclusion will expire.

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