

**Federal Update
All Provisions through November 15, 2021**

	FY 2022	FY 2023	FY 2024	FY 2025
		(\$000s)		
Further Consol. Appropriations Act, 2020				
Individual Income Tax	\$0	(\$5,550)	(\$160)	(\$160)
Corporate Franchise Tax	<u>\$0</u>	<u>(\$380)</u>	<u>(\$40)</u>	<u>(\$20)</u>
Total	\$0	(\$5,930)	(\$200)	(\$180)
Families First Coronavirus Response Act				
Individual Income Tax	\$0	\$15,200	\$0	\$0
Corporate Franchise Tax	<u>\$0</u>	<u>\$41,400</u>	<u>\$0</u>	<u>\$0</u>
Total	\$0	\$56,600	\$0	\$0
CARES Act				
Individual Income Tax	\$0	(\$280,100)	\$800	\$400
Corporate Franchise Tax	<u>\$0</u>	<u>(\$2,200)</u>	<u>(\$1,500)</u>	<u>(\$800)</u>
Total	\$0	(\$282,300)	(\$700)	(\$400)
Consolidated Appropriations Act, 2021				
Individual Income Tax	\$0	(\$61,230)	(\$9,640)	(\$10,640)
Corporate Franchise Tax	<u>\$0</u>	<u>(\$25,240)</u>	<u>(\$2,170)</u>	<u>(\$1,880)</u>
Total	\$0	(\$86,470)	(\$11,810)	(\$12,520)
American Rescue Plan Act				
Individual Income Tax	\$0	(\$38,300)	(\$1,600)	(\$1,100)
Corporate Franchise Tax	<u>\$0</u>	<u>\$16,000</u>	<u>(\$1,000)</u>	<u>(\$500)</u>
Total	\$0	(\$22,300)	(\$2,600)	(\$1,600)
Infrastructure Investment and Jobs Act				
Individual Income Tax	\$0	(\$100)	(\$190)	(\$330)
Corporate Franchise Tax	<u>\$0</u>	<u>(\$1,700)</u>	<u>(\$800)</u>	<u>(\$700)</u>
Total	\$0	(\$1,800)	(\$990)	(\$1,030)
General Fund Total	\$0	(\$342,200)	(\$16,300)	(\$15,730)

Current Minnesota law references the Internal Revenue Code as amended through December 31, 2018. Since that date, the following federal legislation has been enacted that would affect the definition of income for Minnesota tax purposes:

- The Further Consolidated Appropriations Act, 2020 (Public Law 116-94) was enacted on December 20, 2019.
- The Families First Coronavirus Response Act (Public Law 116-127) was enacted on March 18, 2020.
- The Coronavirus Aid, Relief, and Economic Security (CARES) Act (Public Law 116-136) was enacted on March 27, 2020.
- The Consolidated Appropriations Act, 2021 (Public Law 116-260) was enacted on December 27, 2020.

- The American Rescue Plan Act (Public Law 117-2) was enacted on March 11, 2021.
- The Infrastructure Investment and Jobs Act (Public Law 117-58) was enacted on November 15, 2021.

See the attached tables for detailed estimates of each Act.

Note: This estimate revises the Consolidated Appropriations Act, 2021 estimate to remove a provision related to flexible spending arrangements that was determined not to be federal update item, and to correct the estimate for accelerated depreciation for business property on Indian reservations. All other estimates are unchanged.

Minnesota Department of Revenue
Tax Research Division
March 3, 2022

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March 3, 2022

Federal Update
Further Consolidated Appropriations Act, 2020
(\$000s)

	FY 2022	FY 2023	FY 2024	FY 2025
Expansion of Section 529 plans (beginning TY19)	\$0	(\$550)	(\$160)	(\$160)
Extension of above-line deduction for qualified tuition and related expenses (TY18-20)	\$0	(\$5,000)	\$0	\$0
Seven-year recovery period for motorsports entertainment complexes (TY18-20)				
Corporate Franchise Tax	\$0	(\$380)	(\$40)	(\$20)
FCAA 2020: All Provisions				
Individual Income Tax	\$0	(\$5,550)	(\$160)	(\$160)
Corporate Franchise Tax	\$0	(\$380)	(\$40)	(\$20)
General Fund Total	\$0	(\$5,930)	(\$200)	(\$180)

Federal Update
Coronavirus Aid, Relief, and Economic Security Act
(\$000s)

	FY 2022	FY 2023	FY 2024	FY 2025
Above-the-line deduction for charitable contributions (TY20 only)				
Individual Income Tax	\$0	(\$8,400)	\$0	\$0
Increase individual limitation on charitable contributions (TY20 only)				
Individual Income Tax	\$0	(\$6,400)	\$1,560	\$790
Increase corporate limitation on charitable contributions (TY20 only)				
Corporate Franchise Tax	\$0	(\$600)	\$170	\$100
Increase charitable deduction limit for food inventory (TY20 only)				
Individual Income Tax	\$0	(\$200)	\$40	\$10
Corporate Franchise Tax	\$0	(\$100)	\$30	\$0
Exclusion for certain employer payments of student loans (TY20 only)				
Individual Income Tax	\$0	(\$5,000)	\$0	\$0
Employee retention credit for employers affected by COVID-19 (TY20 only)				
Individual Income Tax	\$0	\$12,000	\$0	\$0
Corporate Franchise Tax	\$0	\$31,800	\$0	\$0
Net operating losses for pass-through entities (TY18-TY20 only)				
Individual Income Tax	\$0	(\$243,000)	\$700	\$400
Modification of limitation on business interest (TY19-TY20 only)				
Individual Income Tax	\$0	(\$29,100)	(\$1,500)	(\$800)
Corporate Franchise Tax	\$0	(\$33,300)	(\$1,700)	(\$900)
Inclusion of certain over-the-counter medical products as qualified medical expenses (beginning TY20)				
Individual Income Tax	\$0	(Negl.)	(Negl.)	(Negl.)
CARES Act: All Provisions				
Individual Income Tax	\$0	(\$280,100)	\$800	\$400
Corporate Franchise Tax	\$0	(\$2,200)	(\$1,500)	(\$800)
General Fund Total	\$0	(\$282,300)	(\$700)	(\$400)

Federal Update
Consolidated Appropriations Act, 2021
(\$000s)

	FY 2022	FY 2023	FY 2024	FY 2025
Individual Provisions				
Exclusion of discharge of indebtedness on qualified principal residence (TY21-TY25)	\$0	(\$2,800)	(\$1,600)	(\$1,600)
Benefits for volunteer firefighters and emergency medical responders (TY21)	\$0	(\$600)	(\$400)	(\$400)
Exclusion for certain employer payments of student loans (TY21-25)	\$0	(\$14,300)	(\$7,300)	(\$7,400)
Partial above-the-line deduction for charitable contributions (TY21)	\$0	(\$14,600)	\$0	\$0
Modification of limitation on charitable contributions (TY21)				
Individual Income Tax	\$0	(\$7,100)	\$2,700	\$1,200
Subtotal: Individual Provisions	\$0	(\$39,400)	(\$6,600)	(\$8,200)
Business and Investment Provisions				
SBA loan assistance (TY21)				
Individual Income Tax	\$0	(\$2,800)	(\$300)	(\$100)
Corporate Franchise Tax	\$0	(\$2,600)	(\$100)	(\$100)
Exclusion of shuttered venue grants (TY21)				
Individual Income Tax	\$0	(\$2,400)	(\$400)	(\$200)
Corporate Franchise Tax	\$0	(\$2,400)	(\$400)	(\$200)
Seven-year recovery period for motorsports entertainment complexes (TY21-25)				
Corporate Franchise Tax	\$0	(\$200)	(\$100)	(\$110)
Accelerated depreciation for business property on Indian reservations (TY21)				
Individual Income Tax	\$0	(\$80)	(\$10)	(Negl.)
Corporate Franchise Tax	\$0	(\$60)	(\$10)	\$0
Depreciation of certain residential rental property over 30 years (Retroactive to TY18)				
Individual Income Tax	\$0	(\$8,500)	(\$1,100)	(\$900)
Corporate Franchise Tax	\$0	(\$4,300)	(\$500)	(\$400)
Special expensing rules for certain film, television, and live theatrical productions (TY21-25)				
Individual Income Tax	\$0	(\$3,400)	(\$600)	(\$600)
Corporate Franchise Tax	\$0	(\$3,900)	(\$700)	(\$700)

	FY 2022	FY 2023	FY 2024	FY 2025
Energy-efficient commercial building deduction (TY 21)				
Individual Income Tax	\$0	(\$420)	(\$200)	(\$200)
Corporate Franchise Tax	\$0	(\$680)	(\$320)	(\$320)
Special rule for the production period for beer, wine, and distilled spirits (beginning TY21)				
Individual Income Tax	\$0	(\$120)	(\$40)	(\$40)
Corporate Franchise Tax	\$0	(\$190)	(\$70)	(\$70)
100% deduction for business meals provided by restaurant (TY21-22)				
Individual Income Tax	\$0	(\$3,200)	\$0	\$0
Corporate Franchise Tax	\$0	(\$10,800)	\$0	\$0
Business and Investment Provisions				
Individual Income Tax	\$0	(\$20,920)	(\$2,650)	(\$2,040)
Corporate Franchise Tax	\$0	(\$25,130)	(\$2,200)	(\$1,900)
Subtotal	\$0	(\$46,050)	(\$4,850)	(\$3,940)
Disaster Relief Provisions				
Special disaster-related rules for use of retirement funds (TY21-22)	\$0	(\$10)	\$10	\$0
Special rule for qualified disaster relief contributions (TY21-22)				
Corporate Franchise Tax	\$0	(\$110)	\$30	\$20
Deduction for disaster-related casualty losses (beginning TY20)	\$0	(\$900)	(\$400)	(\$400)
Disaster Relief Provisions				
Subtotal	\$0	(\$1,020)	(\$360)	(\$380)
CAA 2021: All Provisions				
Individual Income Tax	\$0	(\$61,230)	(\$9,640)	(\$10,640)
Corporate Franchise Tax	\$0	(\$25,240)	(\$2,170)	(\$1,880)
General Fund Total	\$0	(\$86,470)	(\$11,810)	(\$12,520)

**Federal Update
American Rescue Plan Act of 2021
(\$000s)**

	FY 2022	FY 2023	FY 2024	FY 2025
Increase maximum unearned income for working family credit (beginning TY21)				
Individual Income Tax	\$0	(\$900)	(\$500)	(\$500)
Increase dependent care credit (TY21 only)				
Individual Income Tax	\$0	(\$35,000)	\$0	\$0
Increase exclusion for employer-provided dependent care assistance (TY21 only)				
Individual Income Tax	\$0	(\$800)	\$0	\$0
Exclusion for certain forgiven student loans (TY21-TY25)				
Individual Income Tax	\$0	(\$200)	(\$100)	(\$100)
Extend limitation on excess business losses of noncorporate taxpayers (TY26 only)				
Individual Income Tax	\$0	\$0	\$0	\$0
Extend credits for paid sick and family leave (TY21 only)				
Individual Income Tax	\$0	\$1,300	\$0	\$0
Corporate Franchise Tax	\$0	\$3,800	\$0	\$0
Extend employee retention credits (TY21 only)				
Individual Income Tax	\$0	\$500	\$0	\$0
Corporate Franchise Tax	\$0	\$1,200	\$0	\$0
Credit for health insurance premium assistance (TY21 only)				
Individual Income Tax	\$0	\$7,500	\$0	\$0
Corporate Franchise Tax	\$0	\$21,400	\$0	\$0
Exclusion of economic injury disaster loan advances (TY21 only)				
Individual Income Tax	\$0	(\$6,300)	(\$600)	(\$300)
Corporate Franchise Tax	\$0	(\$6,100)	(\$600)	(\$300)
Exclusion of restaurant revitalization grants (TY21 only)				
Individual Income Tax	\$0	(\$4,400)	(\$400)	(\$200)
Corporate Franchise Tax	\$0	(\$4,300)	(\$400)	(\$200)
Repeal worldwide interest allocation rules (beginning TY21)				
Corporate Franchise Tax	\$0	Unknown	Unknown	Unknown
Deny deduction for certain highly compensated executives (beginning TY27)				
Corporate Franchise Tax	\$0	\$0	\$0	\$0
ARPA: All Provisions				
Individual Income Tax	\$0	(\$38,300)	(\$1,600)	(\$1,100)
Corporate Franchise Tax	\$0	\$16,000	(\$1,000)	(\$500)
General Fund Total	\$0	(\$22,300)	(\$2,600)	(\$1,600)

Federal Update
Infrastructure Investment and Jobs Act 2021
(\$000s)

	FY 2022	FY 2023	FY 2024	FY 2025
Private Activity Bonds for Qualified Broadband Projects (beginning TY22)				
Individual Income Tax	\$0	(\$80)	(\$170)	(\$290)
Tax Exempt Bonds for Qualified Carbon Dioxide Capture Facilities (beginning TY22)				
Individual Income Tax	\$0	(\$20)	(\$20)	(\$40)
Modification of Tax Treatment of Contributions to the Capital of a Corporation (beginning TY21)				
Corporate Franchise Tax	\$0	(\$1,700)	(\$800)	(\$700)
IIJA: All Provisions				
Individual Income Tax	\$0	(\$100)	(\$190)	(\$330)
Corporate Franchise Tax	\$0	(\$1,700)	(\$800)	(\$700)
General Fund Total	\$0	(\$1,800)	(\$990)	(\$1,030)