

**INDIVIDUAL INCOME TAX
Employer Student Loan Exclusion**

March 1, 2022

	Yes	No
DOR Administrative Costs/Savings	X	

Department of Revenue
Analysis of S.F. 3314 (Clausen) / H.F. 3828 (Sandell)

	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	(\$5,000)	\$0	\$0

Effective the day following enactment. The exclusion would be effective retroactively for tax year 2020 only.

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 in the CARES Act for employer student loan payments in tax year 2020 only.

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.

Minnesota Department of Revenue
Tax Research Division
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