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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETY-SECOND SESSION

H. F. No. 2643

05/15/2021 Authored by Davids and Poston
The bill was read for the first time and referred to the Committee on Taxes

1.1 A bill for an act
1.2 relating to taxation; individual income and corporate franchise; providing for
1.3 conformity of federal paycheck protection program loan treatment and exclusion
1.4 of certain unemployment compensation.

1.5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.6 Section 1. EXCLUSION FROM GROSS INCOME FOR CERTAIN FORGIVEN
1.7 PPP LOANS.

- 1.8 Subdivision 1. Scope. This section applies for the purpose of calculating:
1.9 (1) net income, as defined in Minnesota Statutes, section 290.01, subdivision 19;
1.10 (2) income, as defined in Minnesota Statutes, section 290.0674, subdivision 2a;
1.11 (3) alternative minimum taxable income, as defined in Minnesota Statutes, section
1.12 290.091, subdivision 2;
1.13 (4) alternative minimum taxable income, as defined in Minnesota Statutes, section
1.14 290.0921, subdivision 3; and
1.15 (5) income, as defined in Minnesota Statutes, section 290A.03, subdivision 3.

1.16 Subd. 2. Adopting federal changes related to the paycheck protection
1.17 program. "Internal Revenue Code" has the meaning given in Minnesota Statutes, section
1.18 290.01, subdivision 31, as amended through the date specified in that subdivision, but
1.19 including the following amendments:

- 1.20 (1) the exclusion from gross income under section 1106 of Public Law 116-136;
1.21 (2) section 276 of Public Law 116-260; and

2.1 (3) all modifications to the Internal Revenue Code in Public Laws 116-142 and 116-147.

2.2 Subd. 3. **No denial of deduction.** Notwithstanding Minnesota Statutes, section 290.10,
2.3 the commissioner of revenue must not deny a taxpayer a deduction that is allowed under
2.4 section 276 of the COVID-related Tax Relief Act of 2020 in Public Law 116-260.

2.5 **EFFECTIVE DATE.** This section is effective retroactively at the same time the
2.6 provisions of federal law specified in subdivision 2, clauses (1) to (3), were effective for
2.7 federal purposes.

2.8 Sec. 2. **TEMPORARY INDIVIDUAL INCOME TAX SUBTRACTION;**
2.9 **UNEMPLOYMENT INSURANCE BENEFITS.**

2.10 (a) For the purposes of this section:

2.11 (1) "subtraction" has the meaning given in Minnesota Statutes, section 290.0132; and

2.12 (2) "unemployment compensation" has the meaning given in section 85(b) of the Internal
2.13 Revenue Code.

2.14 (b) For taxable years beginning after December 31, 2019, and before January 1, 2021,
2.15 an individual taxpayer with adjusted gross income that is less than \$150,000 is allowed a
2.16 subtraction equal to the amount of unemployment compensation received in the taxable
2.17 year. The subtraction is limited to \$10,200, except for a joint return the subtraction is limited
2.18 to \$10,200 in unemployment compensation received by each spouse.

2.19 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning
2.20 after December 31, 2019, and before January 1, 2021.