

March 1, 2022

	Yes	No
DOR Administrative Costs/Savings	X	

Department of Revenue
Analysis of H.F. 2852 (Davids) / S.F. 3221 (Nelson)

	<u>Fund Impact</u>			
	<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	(\$7,200)	(\$7,300)	(\$7,400)

Effective beginning tax year 2022.

EXPLANATION OF THE BILL

The bill would create an individual income tax subtraction for student loan payments made by an employer on behalf of an employee, up to \$5,250 (\$10,500 for a married joint return). Eligible payments include payments by an employer of principal and interest on a qualified education loan. The payments may be made to the employee or directly to the lender. A qualified loan includes any debt incurred to pay for higher education expenses for the taxpayer, spouse, or a dependent.

REVENUE ANALYSIS DETAIL

- The subtraction is similar to a temporary exclusion for employer provided student loan payments enacted in the Consolidated Appropriations Act, 2021 (Public Law 116-260).
- It is assumed that the subtraction would have substantially the same impact as the federal exclusion.
- The estimate is based on the estimate for the federal legislation prepared by the staff of the Joint Committee on Taxation.
- Tax year impacts are allocated for the following fiscal year.

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