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Senate

State of Minnesota

S.F. No. 3314 – Conformity to federal exclusion of employer student loan payments (as proposed to be amended by the A-1 amendment)

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Under federal law, up to \$5,250 of employer payments on behalf of employees for educational assistance are excluded from employees' gross income. Employers may deduct those payments as business expenses. "Educational assistance" includes payments for tuition, fees, and similar payments, books, supplies, and equipment, and the provision of those items by the employer. Minnesota conforms to this exclusion.

In March 2020, the CARES Act amended the definition of "educational assistance" to include payments on qualified education loans made by an employer on behalf of employees, for 2020 only. The Consolidated Appropriations Act, enacted in December 2020, extended this provision for tax years 2021 to 2025.

As proposed to be amended, this bill conforms to the federal exclusion for up to \$5,250 of employer student loan payments under the CARES and Consolidated Appropriations Acts, effective for tax years 2020 to 2025.