



Overview of Federal Update Estimates - Tracking Sheet

source:

1. Federal Update All Provisions Through 12/27/21, MN Department of Revenue, Tax Research Division, January 25, 2021
2. Further Consolidated Appropriations Act, 2020, MN Department of Revenue, Tax Research Division, January 25, 2021
3. Coronavirus Aid, Relief and Economic Security, MN Department of Revenue, Tax Research Division, January 25, 2021
4. Families First Coronavirus Response Act, MN Department of Revenue, Tax Research Division, January 25, 2021
5. Consolidated Appropriations Act, 2021, MN Department of Revenue, Tax Research Division, January 25, 2021
6. Payment Protection Program Loan Exclusion, MN Department of Revenue, Tax Research Division, January 21, 2021

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Presentation to the House Tax Committee
2/2/2021

2021 Session - FISCAL IMPACT SUMMARY OF FEDERAL TAX PROVISIONS THROUGH 12/27/20			General Fund Changes (a)					
ESTIMATES BASED ON THE NOVEMBER 2020 FORECAST			Dollars in Thousands: Positive amounts indicate revenue increase					
LINE	ITEM	EFFECTIVE	FY 22	FY 23	FY 22-23	FY 24	FY 25	FY 24-25
1	FEDERAL CONFORMITY- FURTHER CONSOLIDATED APPROPRIATION ACT							
2	INDIVIDUAL INCOME TAX (NON BUSINESS) PROVISIONS							
3	Exclusion of Discharge of Indebtedness on Qualified Principal Residence	TY18-20	(6,700)	-	(6,700)	-	-	-
4	Expansion of Section 529 Plans, Qualified Distributions	Retro, Beginning TY 19	(400)	(150)	(550)	(160)	(160)	(320)
5	Extension of Above-Line Deduction for Qualified Tuition and Related Expenses	TY 18-20	(5,300)	-	(5,300)	-	-	-
6	Exclusion of Benefits for Volunteer Firefighters & Emergency Medical Responders	TY 20 only	(300)	-	(300)	-	-	-
7	SUBTOTAL: INDIVIDUAL INCOME TAX (NON BUSINESS) PROVISIONS		(12,700)	(150)	(12,850)	(160)	(160)	(320)
8								
9	INDIVIDUAL INCOME TAX (NON BUSINESS) PROVISIONS - DISASTER RELATED							
10	Special disaster-related rules for use of retirement funds	1/1/18 to 2/18/20	(80)	90	10	-	-	-
11	Special disaster-related rules for qualified disaster-related personal casualty losses	1/1/18 to 2/18/20	(3,600)	(200)	(3,800)	-	-	-
12	Temporary increase in limitation on qualified contributions	1/1/18 to 2/18/20	(800)	300	(500)	200	-	200
13	SUBTOTAL: INDIVIDUAL INCOME TAX (NON BUSINESS) DISASTER PROVISIONS		(4,480)	190	(4,290)	200	-	200
14								
15	INDIVIDUAL INCOME TAX BUSINESS-RELATED PROVISIONS -PASS-THROUGHS							
16	Accelerated Depreciation for Business Property on Indian Reservation	TY18-20	(260)	(10)	(270)	(10)	(10)	(20)
17	Special Expensing Rules for Certain Film, Television and Live Theatrical Productions	TY18-20	(2,200)	500	(1,700)	400	300	700
18	Energy-Efficient Commercial Building Deduction	TY18-20	(690)	10	(680)	10	10	20
19	Special Rule for the Production Period for Beer, Wine and Distilled Spirits	TY 20 only	(50)	10	(40)	10	-	10
20	SUBTOTAL: BUSINESS RELATED INDIVIDUAL INCOME TAX PROVISIONS		(3,200)	510	(2,690)	410	300	710
21								
22	CORPORATE FRANCHISE TAX							
23	Seven-Year Recovery Period for Motorsports Entertainment Complexes	TY18-20	(320)	(60)	(380)	(40)	(20)	(60)
24	Accelerated Depreciation for Business Property on Indian Reservation	TY18-20	(200)	(10)	(210)	(10)	(10)	(20)
25	Special Expensing Rules for Certain Film, Television and Live Theatrical Productions	TY18-20	(1,800)	400	(1,400)	300	300	600
26	Special Depreciation Allowances for Second Generation Biofuel Plant Property	TY18-20	(Negli)	(Negli.)	(Negli.)	(Negli)	(Negli.)	(Negli.)
27	Energy-Efficient Commercial Building Deduction	TY18-20	(1,090)	60	(1,030)	40	30	70
28	Special Rule for the Production Period for Beer, Wine and Distilled Spirits	TY 20 only	(80)	20	(60)	10	-	10
29	Special Rule for Sales or Dispositions of Transmission Lines for Qualified Electric Utilities	TY18-20	(1,250)	250	(1,000)	250	250	500
30	SUBTOTAL: CORPORATE FRANCHISE TAX		(4,740)	660	(4,080)	550	550	1,100
31								
32	SUMMARY BY TAX TYPE							
33	Individual Income Tax		(20,380)	550	(19,830)	450	140	590
34	Corporate Franchise Tax		(4,740)	660	(4,080)	550	550	1,100
35	GENERAL FUND TOTAL - FURTHER CONSOLIDATED ACT		(25,120)	1,210	(23,910)	1,000	690	1,690

2021 Session - FISCAL IMPACT SUMMARY OF FEDERAL TAX PROVISIONS THROUGH 12/27/20			General Fund Changes (a)					
ESTIMATES BASED ON THE NOVEMBER 2020 FORECAST			Dollars in Thousands: Positive amounts indicate revenue increase					
LINE	ITEM	EFFECTIVE	FY 22	FY 23	FY 22-23	FY 24	FY 25	FY 24-25
36					-			-
37	FEDERAL CONFORMITY - CARES ACT							
38	INDIVIDUAL INCOME TAX BUSINESS & NON BUSINESS PROVISIONS							
39	Special Rules for use of retirement funds	TY 20 only	(1,600)	1,700	100	-	-	-
40	Charitable Contributions of Non-Itemizers (\$300)	TY 20 only	(8,400)	-	(8,400)	-	-	-
41	Increase Limitation on Charitable Contributions Deductions, 60% to 100% of FAGI	TY 20 only	(10,400)	4,000	(6,400)	1,560	790	2,350
42	Increase Limitation on Charitable Deduction Limit for Food Inventory from 15% to 25%	TY 20 only	(300)	100		40	10	
43	Exclusion of Certain Employer Student Loan Payments	TY 20 only	(5,000)	-	(5,000)	-	-	-
44	Employee Retention Credit for employers affected by COVID-19	TY 20 only	12,000	-	12,000	-	-	-
45	Modification of limitation on losses for pass through entities	TY18-20	(244,400)	1,400	(243,000)	700	400	1,100
46	Modification of limitation on business interest	TY19-20	(27,400)	(1,700)	(29,100)	(1,500)	(800)	(2,300)
47	Inclusion of certain over-the-counter medical products as qualified medical expenses	Beginning TY 20	-	(Negli.)	(Negli.)	(Negli.)	(Negli.)	(Negli.)
48	SUBTOTAL: INDIVIDUAL INCOME TAX PROVISIONS		(285,500)	5,500	(280,000)	800	400	1,200
49								
50	CORPORATE FRANCHISE TAX							
51	Modification of Limitation on Charitable Contributions Deductions, 10% to 25% of FTI	TY 20 only	(1,000)	400	(600)	170	100	270
52	Increase Limitation on Charitable Deduction Limit for Food Inventory from 15% to 25%	TY 20 only	(200)	100		30	-	
53	Employee Retention Credit for employers affected by COVID-19	TY 20 only	31,800	-	31,800	-	-	-
54	Modification of limitation on business interest	TY19-20	(31,300)	(2,000)	(33,300)	(1,700)	(900)	(2,600)
55	SUBTOTAL: CORPORATE FRANCHISE TAX		(700)	(1,500)	(2,200)	(1,500)	(800)	(2,300)
56								
57	SUMMARY BY TAX TYPE							
58	Individual Income Tax		(285,500)	5,500	(280,000)	800	400	1,200
59	Corporate Franchise Tax		(700)	(1,500)	(2,200)	(1,500)	(800)	(2,300)
60	GENERAL FUND TOTAL - CARES ACT		(286,200)	4,000	(282,200)	(700)	(400)	(1,100)
61								
62	FEDERAL CONFORMITY - FAMILIES FIRST CORONAVIRUS RESPONSE ACT (WITH CAA EXTENSION)							
63	INDIVIDUAL INCOME TAX BUSINESS-RELATED PROVISIONS - PASS THROUGHs							
64	Federal Tax Credits - Paid Sick, Paid Medical and Family Leave	4/1/20 to 3/31/21	15,200	-	15,200	-	-	-
65	SUBTOTAL: INDIVIDUAL INCOME TAX PROVISIONS		15,200	-	15,200	-	-	-
66								
67	CORPORATE FRANCHISE TAX							
68	Federal Tax Credits - Paid Sick, Paid Medical and Family Leave	4/1/20 to 3/31/21	41,400	-	41,400	-	-	-
69	SUBTOTAL: CORPORATE FRANCHISE TAX		41,400	-	41,400	-	-	-
70								
71	SUMMARY BY TAX TYPE							
72	Individual Income Tax		15,200	-	15,200	-	-	-
73	Corporate Franchise Tax		41,400	-	41,400	-	-	-
74	GENERAL FUND TOTAL - FAMILIES FIRST ACT		56,600	-	56,600	-	-	-

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LINE	ITEM	EFFECTIVE	FY 22	FY 23	FY 22-23	FY 24	FY 25	FY 24-25
75								
76	FEDERAL CONFORMITY- CONSOLIDATED APPROPRIATION ACT (CAA), 2021							
77	INDIVIDUAL INCOME TAX BUSINESS & NON BUSINESS PROVISIONS							
78	Exclusion of Discharge of Indebtedness on Qualified Principal Residence	TY 21-25	(1,300)	(1,500)	(2,800)	(1,600)	(1,600)	(3,200)
79	Exclusion of Benefits for Volunteer Firefighters & Emergency Medical Responders	TY 21 only	(300)	(300)	(600)	(400)	(400)	(800)
80	Exclusion of Certain Employer Student Loan Payments	TY 21-25	(7,100)	(7,200)	(14,300)	(7,300)	(7,400)	(14,700)
81	Exclusion of Certain Financial Aid Grants made Under CARES Act	TY 20	(600)	-	(600)	-	-	-
82	Charitable Contributions of Non-Itemizers (\$600)	TY 21 only	(14,600)	-	(14,600)	-	-	-
83	Increase Limitation on Charitable Contributions Deductions, 60% to 100% of FAGI	TY 21 only	(11,300)	4,200	(7,100)	2,700	1,200	3,900
84	Modification of Educator Expense Deduction to Include PPE expenses	Begins 2/27/20	(25)	(15)	(40)	(15)	(15)	(30)
85	Temporary Rules for Health and Dependent Care Flexible Spending Arrangements	(b)	300	-	300	-	-	-
86	SUBTOTAL: INDIVIDUAL INCOME TAX (NON BUSINESS) PROVISIONS		(34,925)	(4,815)	(39,740)	(6,615)	(8,215)	(14,830)
87								
88	INDIVIDUAL INCOME TAX (NON BUSINESS) PROVISIONS - DISASTER RELATED							
89	Special disaster-related rules for use of retirement funds	TY 21 only	(20)	10	(10)	10	-	10
90	Special disaster-related rules for qualified disaster-related personal casualty losses	TY 21-22	(160)	50	(110)	30	20	50
91	Temporary increase in limitation on qualified contributions	TY 21-22	(2,600)	(600)	(3,200)	-	-	-
92	SUBTOTAL: INDIVIDUAL INCOME TAX (NON BUSINESS) DISASTER PROVISIONS		(2,780)	(540)	(3,320)	40	20	60
93								
94	INDIVIDUAL INCOME TAX BUSINESS-RELATED PROVISIONS -PASS-THROUGHS							
95	Exclusion of EIDL Loan Advances and Repayments	TY 20	(3,500)	(400)	(3,900)	(200)	(200)	(400)
96	Exclusion of EIDL Loan Advances: Interactions with NOL modifications	TY 20	(1,000)	200	(800)	100	100	200
97	Accelerated Depreciation for Business Property on Indian Reservation	TY21-25	(40)	(70)	(110)	(80)	(80)	(160)
98	Depreciation of Certain Residential Rental Property over 30 years	Retro, Begins TY 2018	(5,900)	(2,600)	(8,500)	(1,100)	(900)	(2,000)
99	Special Expensing Rules for Certain Film, Television and Live Theatrical Productions	TY 21-25	(2,400)	(1,000)	(3,400)	(600)	(600)	(1,200)
100	Energy-Efficient Commercial Building Deduction	Begins TY 21	(230)	(190)	(420)	(200)	(200)	(400)
101	Special Rule for the Production Period for Beer, Wine and Distilled Spirits	Begins TY 21	(80)	(40)	(120)	(40)	(40)	(80)
102	100% Deduction for Business Meals Provided by Restaurant	TY 21-22	(1,200)	(2,000)	(3,200)	-	-	-
103	SUBTOTAL: BUSINESS RELATED INDIVIDUAL INCOME TAX PROVISIONS		(14,350)	(6,100)	(20,450)	(2,120)	(1,920)	(4,040)
104								
105	CORPORATE FRANCHISE TAX							
106	Exclusion of EIDL Loan Advances and Repayments	TY 20	(3,400)	(300)	(3,700)	(200)	(200)	(400)
107	Seven-Year Recovery Period for Motorsports Entertainment Complexes	TY 21-25	(110)	(90)	(200)	(100)	(110)	(210)
108	Accelerated Depreciation for Business Property on Indian Reservation	TY21-25	(30)	(50)	(80)	(60)	(60)	(120)
109	Depreciation of Certain Residential Rental Property over 30 years	Retro, Begins TY 2018	(3,400)	(900)	(4,300)	(500)	(400)	(900)
110	Special Expensing Rules for Certain Film, Television and Live Theatrical Productions	TY 21-25	(2,700)	(1,200)	(3,900)	(700)	(700)	(1,400)
111	Energy-Efficient Commercial Building Deduction	Begins TY 21	(370)	(310)	(680)	(320)	(320)	(640)
112	Special Rule for the Production Period for Beer, Wine and Distilled Spirits	Begins TY 21	(120)	(70)	(190)	(70)	(70)	(140)
113	100% Deduction for Business Meals Provided by Restaurant	TY 21-22	(4,300)	(6,500)	(10,800)	-	-	-
114	SUBTOTAL: CORPORATE FRANCHISE TAX		(14,430)	(9,420)	(23,850)	(1,950)	(1,860)	(3,810)

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LINE	ITEM	EFFECTIVE	FY 22	FY 23	FY 22-23	FY 24	FY 25	FY 24-25
115								
116	SUMMARY BY TAX TYPE							
117	Individual Income Tax		(52,055)	(11,455)	(63,510)	(8,695)	(10,115)	(18,810)
118	Corporate Franchise Tax		(14,430)	(9,420)	(23,850)	(1,950)	(1,860)	(3,810)
119	GENERAL FUND TOTAL - CAA		(66,485)	(20,875)	(87,360)	(10,645)	(11,975)	(22,620)
120								
121	FEDERAL CONFORMITY- PAYCHECK PROTECTION LOAN PROGRAM (INCLUDED IN CARES, CAA AND OTHER ACTS)							
122	INDIVIDUAL INCOME TAX PROVISIONS BUSINESS-RELATED PASS THROUGHS							
123	PPP Loan Exclusion	TY20-21	(191,500)	(18,200)	(209,700)	(14,400)	(9,900)	(24,300)
124	Interaction: NOL modifications (from CARES Act)		(36,100)	7,400	(28,700)	3,200	3,200	6,400
125	SUBTOTAL: BUSINESS RELATED INDIVIDUAL INCOME TAX PROVISIONS		(227,600)	(10,800)	(238,400)	(11,200)	(6,700)	(17,900)
126								
127	CORPORATE FRANCHISE TAX							
128	PPP Loan Exclusion	TY20-21	(183,500)	(15,900)	(199,400)	(12,200)	(9,200)	(21,400)
129	SUBTOTAL: CORPORATE FRANCHISE TAX		(183,500)	(15,900)	(199,400)	(12,200)	(9,200)	(21,400)
130								
131	SUMMARY BY TAX TYPE							
132	Individual Income Tax		(227,600)	(10,800)	(238,400)	(11,200)	(6,700)	(17,900)
133	Corporate Franchise Tax		(183,500)	(15,900)	(199,400)	(12,200)	(9,200)	(21,400)
134	GENERAL FUND TOTAL - Paycheck Protection Loan Program		(411,100)	(26,700)	(437,800)	(23,400)	(15,900)	(39,300)
135								
136	SUMMARY BY TAX TYPE - ALL FEDERAL ACTS							
137	Individual Income Tax		(570,335)	(16,205)	(586,540)	(18,645)	(16,275)	(34,920)
138	Corporate Franchise Tax		(161,970)	(26,160)	(188,130)	(15,100)	(11,310)	(26,410)
139	GENERAL FUND, GRAND TOTAL - ALL FEDERAL CONFORMITY ACTS		(732,305)	(42,365)	(774,670)	(33,745)	(27,585)	(61,330)

(a) Based on revenue analyses from the Tax Research Division of the MN Department of Revenue published on 1/21/21 and 1/25/21.

(b) Provision is effective the same as the effective dates as the provisions in the Families First Act, Sunset 3/31/21.