



February 16, 2021

Chair Paul Marquart
House Committee on Taxes
597 Rev. Dr. Martin Luther King Jr. Blvd.
St Paul, MN 55155

RE: HF 501

Dear Chair Marquart and Members of the Committees,

The Minnesota Farm Bureau Federation (MFBF) appreciates the opportunity to share written testimony on behalf of our nearly 30,000 members regarding HF 501 and the impacts it will have on Minnesota farm families.

MFBF wants to highlight our support for two of the provisions included in HF 501 as it relates to PPP that are important to Minnesota farmers and ranchers: Exclusion from gross income for forgiven loans (CARES) and Deductibility of PPP business expenses (CAA 2021).

The Paycheck Protection Program (PPP) is providing vital working capital to farmers and ranchers who are trying to remain operational during this critical time. The incentives offered by the program are helping to keep food, fiber and fuel production constant by providing farmers and ranchers funds to assist in paying wages, rent, mortgage interest and utilities. These two provisions ensure that that forgiven PPP loans were to be excluded from taxation (CARES provisions) and clarification (CAA) that allowable expenses paid for with forgiven PPP loans are may be taken as a business deduction for income tax purposes without limitation.

In addition, MFBF supports the inclusion of Net Operating Loss (NOL) carrybacks and taxable income limit (CARES) under the Business Loss provisions. The NOL allows a business with a loss to spread that loss across multiple tax years resulting in a tax saving. This tax saving provides an infusion of cash to a business when it needs it most, during a period when it is losing money. The NOL is especially valuable to farm and ranch businesses that manage through volatile business cycles caused by uncontrollable and unpredictable weather, markets and international circumstances.

Physical Address: 3080 Eagandale Place, Eagan, MN 55121-2118 Mailing Address: P.O. Box 64370, St. Paul, MN 55164-0370

Phone: 651.768.2100 Fax: 651.768.2159 Email: info@fbmn.org www.fbmn.org

MFBF appreciates the attention this committee is giving to federal conformity following many changes to the tax code through 2020. MFBF staff is happy to answer any questions committee members may have on these important issues.

Sincerely,

A handwritten signature in black ink that reads "Kevin Paap". The signature is written in a cursive style with a large, stylized 'K' and 'P'.

Kevin Paap
President