

**SENATE  
STATE OF MINNESOTA  
NINETY-SECOND SESSION**

**S.F. No. 2340**

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DATE  
04/06/2021

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Introduction and first reading  
Referred to Taxes

OFFICIAL STATUS

1.1 A bill for an act  
1.2 relating to taxation; income; providing a limited subtraction for business expenses  
1.3 paid with forgiven paycheck protection program loans.

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

1.5 Section 1. **LIMITED SUBTRACTION FOR BUSINESS EXPENSES PAID WITH**  
1.6 **FORGIVEN PAYCHECK PROTECTION PROGRAM LOANS.**

1.7 Subdivision 1. Scope. This section applies for the purpose of calculating:

1.8 (1) net income, as defined in Minnesota Statutes, section 290.01, subdivision 19;

1.9 (2) income, as defined in Minnesota Statutes, section 290.0674, subdivision 2a;

1.10 (3) alternative minimum taxable income, as defined in Minnesota Statutes, section  
1.11 290.091, subdivision 2;

1.12 (4) alternative minimum taxable net income, as defined in Minnesota Statutes, section  
1.13 290.0921, subdivision 2; and

1.14 (5) income, as defined in Minnesota Statutes, section 290A.03, subdivision 3.

1.15 Subd. 2. Definition. For purposes of this section, "Internal Revenue Code" has the  
1.16 meaning given in Minnesota Statutes, section 290.01, subdivision 31, as amended through  
1.17 the date specified in that subdivision, but including the following amendments:

1.18 (1) exclusion from gross income of paycheck protection loan forgiveness under section  
1.19 1106 of Public Law 116-136; and

1.20 (2) modifications to the paycheck protection loan program under Public Laws 116-142,  
1.21 116-139, and 116-147.

2.1 Subd. 3. **Subtraction allowed; individual filers.** (a) For taxable years beginning after  
2.2 December 31, 2019, and before January 1, 2022, the amount allowed as deductions in a  
2.3 taxable year under section 276 of Public Law 116-260, up to \$1,000,000, is a subtraction.

2.4 (b) For purposes of this subdivision, "subtraction" has the meaning provided in Minnesota  
2.5 Statutes, section 290.0132, subdivision 1.

2.6 Subd. 4. **Subtraction allowed; corporations.** (a) For taxable years beginning after  
2.7 December 31, 2019, and before January 1, 2022, the amount allowed as deductions in a  
2.8 taxable year under section 276 of Public Law 116-260, up to \$1,000,000, is a subtraction.

2.9 (b) For purposes of this subdivision, "subtraction" has the meaning provided in Minnesota  
2.10 Statutes, section 290.0134, subdivision 1.

2.11 Subd. 5. **No denial of deduction.** Notwithstanding Minnesota Statutes, section 290.10,  
2.12 the commissioner of revenue must not deny a taxpayer a deduction that is allowed under  
2.13 section 276 of Public Law 116-260.

2.14 **EFFECTIVE DATE.** This section is effective the day following final enactment, except  
2.15 that changes incorporated by federal changes are effective retroactively at the same time  
2.16 the changes were effective for federal purposes.