

Providing relief for businesses helps the community, quality of life  
By Doug Loon

***This column is written each month by Minnesota Chamber President Doug Loon, for the purpose of reprint by local chambers of commerce. Please feel free to use in newsletters or other local community communications. Email Anne Yoder at [ayoder@mnchamber.com](mailto:ayoder@mnchamber.com) with questions.***

Businesses throughout Minnesota continue to struggle their way through the COVID-19 pandemic. With tax filing season upon us, it's time to help employers who have sacrificed, yet still maintained paychecks for their employees.

Lawmakers in Minnesota can ease some of this uncertainty, support struggling small businesses and propel the state toward economic recovery by preventing taxes on Paycheck Protection Program (PPP) loans.

PPP was a major component of federal COVID-19 relief legislation, providing forgivable loans small businesses need to pay employees and cover expenses throughout the pandemic. Congress didn't intend to tax the forgiven PPP loans, and businesses are allowed to deduct the associated payroll costs and eligible expenses paid for with PPP loans.

Unfortunately, Minnesotans will not see this relief on their state tax returns unless the legislature and Governor Walz act soon to align Minnesota's tax code with the changes in Congress's COVID-19 relief packages.

Minnesota does not automatically conform to federal tax law changes, requiring new legislation. Without it, forgiven PPP loans — a lifeline for thousands of small businesses — will be taxed as Minnesota income. This could be the difference between a business continuing its operations, retaining employees and contributing to Minnesota's economic recovery, or having to close its doors for good.

What's worse, other states have fully conformed to the federal legislation. For example, North Dakota does not tax these loans, creating an unfair advantage along the border. According to Barry Wilfahrt, President and CEO of the Chamber of Grand Forks/East Grand Forks, "As consumers, if we want choice and selection in the new normal we need to do everything we can to support our local businesses including not taxing PPP loans which are intended to help businesses survive."

The Minnesota Chamber – and the vast network of local chambers throughout the state – work with small businesses members to recover their businesses and find economic growth and stability, when the COVID-19 pandemic is behind us. But for the 100,000 businesses that accepted PPP loans, this tax season is a step in the wrong direction.

We ask legislators lawmakers to make employers and employees a priority as they consider a tax bill this year. Conforming with the federal PPP tax code will help small business owners keep their doors open, their lights turned on and employees on the payroll — all of which will contribute to a quicker economic recovery and financial stability for the state.