

TOM EMMER
6TH DISTRICT, MINNESOTA

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FINANCIAL SERVICES
SUBCOMMITTEES

INVESTOR PROTECTION,
ENTREPRENEURSHIP AND
CAPITAL MARKETS

NATIONAL SECURITY, INTERNATIONAL
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Congress of the United States
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REPUBLICAN WHIP TEAM

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April 29, 2021

Governor Tim Walz
130 State Capitol
75 Rev Dr. Martin Luther King Jr. Blvd.
St. Paul, MN 55155

Dear Governor Walz,

The Paycheck Protection Program has served as a lifeline for businesses across Minnesota. It has helped our local communities across the state by providing an avenue for employers to keep their employees on the payroll, to feed their families, and to serve their communities' needs. We write to you regarding the countless constituents from the state of Minnesota who have reached out to our offices concerning your decision to tax forgiven PPP loans.

The passage of the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA) of 2021 affirmed that forgiven PPP loans are not considered taxable income and will therefore be tax-exempt. We supported this initiative at the federal level and urge you to consider a similar adoption at the state level.

In response to the CRRSAA, most states across the nation followed suit and declared that forgiven PPP loans would not be taxable, but Minnesota did not. Minnesota does not allow forgiven PPP loans to be state tax-exempt, it only allows expense deductions. This, however, does not go far enough and is not suitable to the needs of our constituents. And although the Minnesota Senate has signaled a bipartisan appetite to address this issue, adopting PPP tax conformity legislation in March by a vote of 55-12 and again just recently, this legislation has yet to be taken under consideration as a standalone bill by the Minnesota House of Representatives.

More than 100,000 businesses in Minnesota received PPP loans to continue serving their communities and taking care of their employees over the past year. The state's projected \$1.6 billion budget surplus affirms that taxing forgiven PPP loans is an unnecessary and inconsiderate burden on our great businesses that have kept the Minnesota economy running.

The government-mandated shutdowns in Minnesota have hurt our business communities and they need certainty now more than ever. We hope you will consider the needs of our proud Minnesotan business leaders and their employees who have endured so much uncertainty and pain in the past year and consider the swift adoption of legislation that affirms that forgiven loans are considered tax-exempt.

Sincerely,



Tom Emmer
Member of Congress



Pete Stauber
Member of Congress



Jim Hagedorn
Member of Congress



Michelle Fischbach
Member of Congress

Cc: Senate Majority Leader Paul Gazelka
Senate Minority Leader Susan Kent
House Speaker Melissa Hortman
House Minority Leader Kurt Daudt