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February 16, 2022

Senate File 2958

Dear Chair Nelson, Ranking Member Rest and Members of the Senate Taxes Committee,

The National Federation of Independent Business (NFIB) is the largest small business organization in Minnesota, with over 10,000 small business members in every corner of the state. Over 75% of our members have fewer than 10 employees and our mission is to advocate for Main Street businesses.

NFIB Minnesota supports Senate File 2958, which includes a repeal of the minimum fee on S corporations and partnerships. These entities are subject to the minimum fee if its Minnesota property, payroll, and sales total at least \$1,040,000 for the year.

According to business statistics data from the United States Census Bureau, 66 percent of partnerships and 90 percent of S corporations have fewer than 20 employees. The average partnership or S corporation with five to 20 employees has receipts between \$1.4 million and \$2.5 million and would trigger the minimum fee on those alone.

We also urge your support of the repeal of Minnesota's corporate alternative minimum tax (AMT). This requirement was eliminated at the federal level and Minnesota is one of only six states that still retain this calculation. The AMT adds significant complexity and the cost of compliance for affected entities likely exceeds the relatively minor amount of revenue raised.

Small businesses are still struggling with inflation, worker shortages, supply chain issues and lower sales. Reducing the cost and complexity of tax filing is one way to provide helpful relief.

Sincerely,

A handwritten signature in black ink, appearing to read 'John L. Reynolds', is written over a light blue horizontal line.

John L. Reynolds
Minnesota State Director
National Federal of Independent Businesses
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