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April 4, 2022

**Senate File 3692-A3 (Nelson)**

Dear Chair Nelson 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 members in every corner of the state.

NFIB Minnesota appreciates the inclusion of certain provisions in SF 3692-A3.

**Income Tax Reduction:** The average NFIB member reports \$500,000 in gross revenue per year and the vast majority of small businesses pay taxes as individuals, so reducing Minnesota's first tier income tax rate will help many mom-and-pop shops throughout the state. Additionally, this makes Minnesota's income tax structure a little more competitive with other states – many of whom have top income tax rates that are lower than our bottom income tax rate.

**Pandemic Relief:** Additional state tax exemptions for federal pandemic relief funds will help facilitate economic recovery for affected small businesses. They shouldn't be punished with state taxes for utilizing federal pandemic relief programs to stay in business.

Lastly, many Main Street businesses are still struggling right now. In recent NFIB surveys, small employers are reporting enormous challenges: record inflation, chronic worker shortages, supply chain disruptions, skyrocketing energy costs, and more.

In light of these serious challenges and the chronically high tax burden in Minnesota, we urge the committee to consider additional long-term relief as opportunities arise.

We look forward to working with Chair Nelson and committee members as this bill moves through the process.

Sincerely,

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

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