



MEMORANDUM

To: Members of the Senate Committee on Taxes
From: Dan Papineau, Director of Government Affairs
Date: 4/19/2022
Subject: Please Support S.F. 3719 (Rarick)

Chairwoman Nelson, Committee Members:

On behalf of TruGreen's 62,000 customers and 260 employees across 6 branches in Minnesota, we encourage the committee to support S.F. 3719 (Rarick). S.F. 3719 lowers costs for consumers, fosters tax compliance, allows for increased business investment and promotes the development of healthy lawns and landscapes that have positive environmental benefits.

Currently, Minnesota taxes some landscape services and leaves others exempt. This additional cost of 7% is charged to consumers on services like planting a garden, treating for dangerous, disease carrying pests and properly caring for your lawn. Services like snow removal, initial seeding (not reseeding) or moving a tree or shrub are not taxable. Taxing some landscape services and not others create tax compliance problems for businesses and is opposite of what we look for in good tax policy which is a simple, fair and efficient tax code.

Clarifying that all landscape services are exempt from taxation provides tax clarity that is favorable to consumers and landscape business all across Minnesota.

Exempting landscape services from sales tax couldn't come at a better time. This year has already been an extremely difficult year for the landscape industry. Massive increases in fuel and fertilizer costs, among many other inputs, are already pushing local businesses to the limit. 2022 is shaping up to be an extremely challenging year for this industry and S.F. 3719 would be a welcome relief.

In addition to the economic benefits of not applying sales tax to landscape services for consumers and businesses, there are environmental ones as well.

Healthy lawns and landscapes are good for the environment. Healthy turf, trees and shrubs create oxygen, sequester carbon, cool communities, prevent soil erosion and runoff, as well as trap tons of pollens and dust. Taxing some services that promote these environmental benefits is a disincentive to using them. Did you know a healthy, 50x50 foot lawn creates enough oxygen for a family of four and, other than an old growth forest, nothing is better than absorbing rainwater run off than properly maintained turfgrass? Landscape services benefit the environment and taxing homeowners utilizing these services is problematic.

Thank you for the opportunity to offer our support of S.F. 3719.

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