



January 10, 2023

Dear Senate Tax Committee Members,

Thank you for your service in representing the many voices in Minnesota. We appreciate the sacrifices you and your family make in serving in the Legislature. We write to you today regarding the conference committee agreement for HF 3699 from the 2022 legislative session under your review. Please let us take this moment to share our feedback.

First, we greatly appreciate the work of then House and Senate Tax Chairs Senator Carla Nelson and Representative Paul Marquart in finding consensus on a tax bill. It's no small feat to assemble a tax bill and we admire their efforts to address the onerous tax burden Minnesotans face.

Second, we would like to express our gratitude for the reduction in the statewide property tax that unfairly targets commercial/industrial property contained in the 2022 conference committee agreement. While the reduction contained in the bill was small, it was a step in the right direction toward elimination. This pass-through tax is felt by businesses of all sizes which are the foundation to our state's economy.

Third, the HF3699 conference committee agreement also contained provisions that are cause for concern. In particular, our association opposes efforts to shift the property tax burden onto commercial/industrial property through the Market Value Homestead Exclusion. We already pay some of the steepest property taxes in the country. The property tax increase will make operating in Minnesota even more challenging at a time where we can least afford it.

You, as members of the Senate Tax Committee, are sitting in a prime position to help our state recover from the pandemic and survive the current economic challenges. Please use the historically significant budget surplus to eliminate the unfair statewide property tax and oppose efforts to shift the property tax burden onto commercial/industrial properties.

Thank you for your time and consideration.

Sincerely,

Sarah Anderson
President/CEO
BOMA Greater Mpls

ABOUT BOMA: *Members of the Building Owners and Managers Association (BOMA) of Greater Minneapolis come from Hennepin County and beyond. Our association is composed of commercial real estate professionals and service providers. We contribute more than \$2.6 billion to the state's economy and provide 17,400 jobs*



305 Roselawn Ave E | Suite 200 | St. Paul, MN 55117
Phone: (651) 639-1223 | www.mfu.org

January 11, 2023

Chair Ann Rest
95 University Avenue W.
Minnesota Senate Bldg., Room 2217
St. Paul, MN 55155

Dear Chair Rest members of the committee:

On behalf of Minnesota Farmers Union (MFU), thank you for the opportunity to share our strong support provisions included in the 2022 omnibus tax bill (HF3669). Broadly, we supported the final deal reached last session and saw the changes as an opportunity to leverage the state's historic budget surplus to invest in the farm families and other working Minnesotans.

Now with an even larger surplus, we are grateful you're considering meaningful, long-term investments in the vitality of family farms and rural communities. We appreciate you starting the 2023 session by reviewing those proposed changes. We'd like to express our strong support for:

- **Expanding the Beginning Farmer Tax Credit (BFTC)** by expanding the credit for sale of agricultural assets to family members and providing for additional reporting. Farming is capital intensive and access to land and equipment continues to be a central challenge for young people seeking to build a life in agriculture. We believe these updates will strengthen the credit, expanding access to this successful and pioneering program.

In addition to this important change, we support increasing the credit for sale of agricultural assets to Black, Indigenous, and farmers of color, increasing the credit for sale of agricultural assets, and providing the Rural Finance Authority (RFA) funding to administer the credit, create an online application, and improve access. Changes expanding the credit for emerging farmers will help people who are new to agriculture overcome barriers to accessing land, equipment, and other assets while brokering valuable relationships with established operators.

Finally, we want to take the opportunity to request that you extend this credit which is currently set to sunset in December of 2023. Thank you for your support of this program and your work to strengthen it on behalf of the next generation of farmers.

- **Expanding the Ag to School Tax Credit** to 85 percent will help more communities benefit from this successful program. This credit will provide significant property tax relief to farmers while also helping rural school districts make needed improvements to their facilities—a win-win for farmers and their communities.

After this credit was strengthened in 2019, we heard from members across the state who saw school construction bond levies pass in their communities. These investments will help

ensure that students in rural areas have access to high-quality educational facilities and help young families build lives in rural Minnesota.

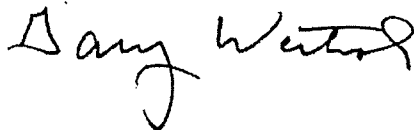
- **Increasing ag homestead limit** to help family farmers manage increasing land prices and retain family farm operations. Rapid increases in farmland values have created challenges for small, mid-sized, and beginning farmers, and have far outpaced the limit on agricultural homestead.
- **Funding SWCDs** through a new local government aid program will provide them with the stable, long-term funding they need to best assist our family farmer members in meeting their on-farm conservation goals. For our members' farms, conserving soil and water for future generations is central to long-term sustainability. SWCDs serve as the trusted, local, boots-on-the-ground partners in this important work, providing direct technical assistance, demonstrating new practices, and connecting with state and federal resources. That's why at our annual convention last November our members voted to adopt a resolution in support of increased, general fund support for SWCDs.

The 2021 drought was the worst in a generation and that came soon after our wettest fall on record in 2019. In response to these challenges, our members are actively working to adopt new practices that make them more resilient and promote soil health and water quality. Consistent and reliable funding for SWCDs is a foundational step toward helping our members achieve these important goals, benefiting both their individual operations and the entire state.

In addition to these priorities, we also support adding hemp to the definition of 'agricultural product' and modifying the definition of 'attachment and appurtenances for Rural Electric Associations which serve many of our members.

Thank you again for your hard work to craft a tax bill that invests in Minnesota's farmers and other working families across the state. We recognize that reaching a final deal requires difficult decisions and appreciate your attention to our priorities. If you have any questions, please contact our Government Relations Director, Stu Lourey, at stu@mfu.org or (320) 232-2047. Thank you for considering the needs and perspectives of Minnesota's farm families.

Sincerely,

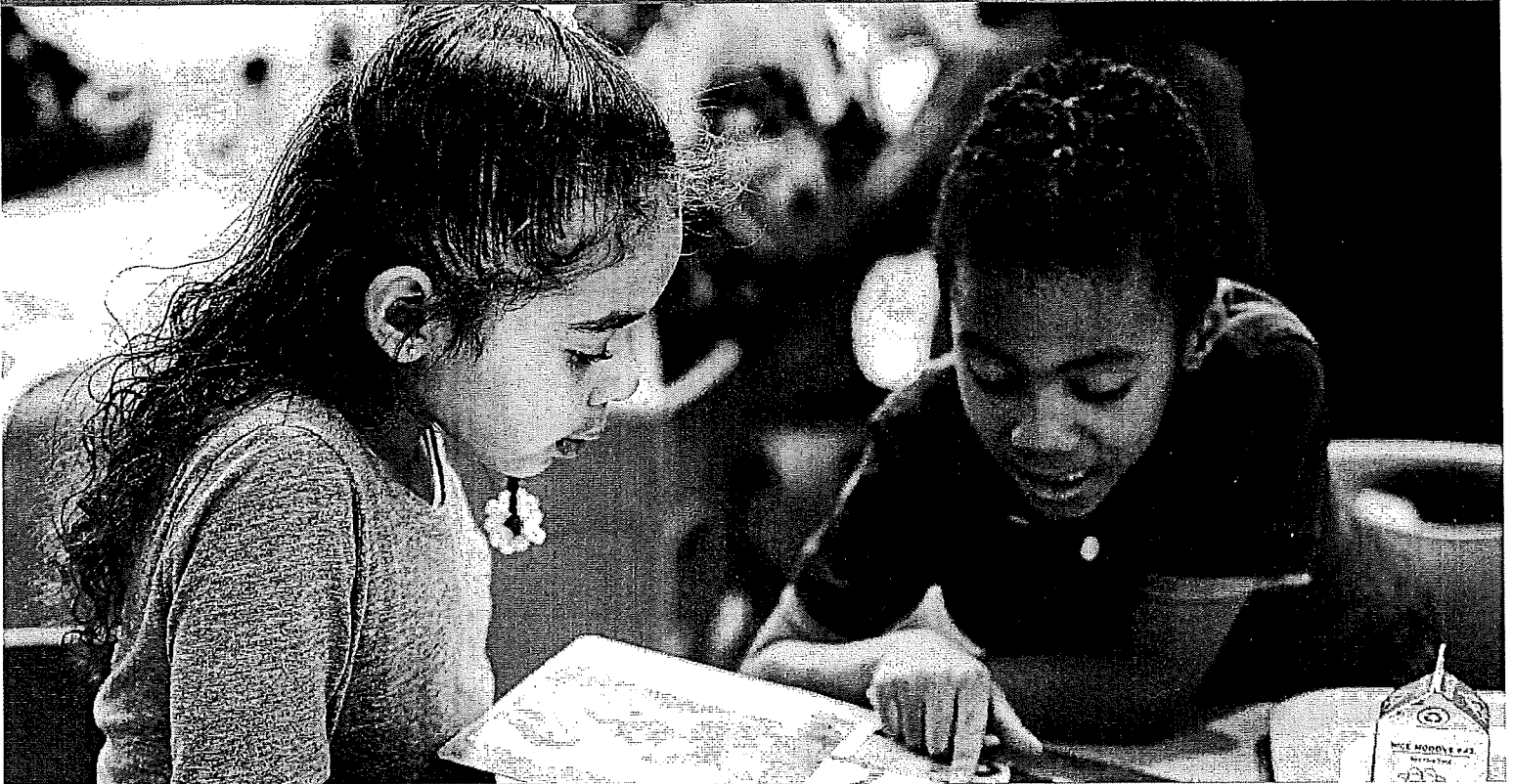
A handwritten signature in black ink that reads "Gary Wertish". The signature is written in a cursive style with a large, looped "G" and "W".

Gary Wertish
President, Minnesota Farmers Union



youthprise

Increasing Access to Afterschool Programs for Low-Income Families



About the K-12 Education Tax Credit

The K-12 Education Tax Credit is a critical tool for ensuring all Minnesota children have access to educational and arts afterschool and summer programming. It reimburses low-income families for 75% of the cost of these activities, up to \$1,000 per child. The income limit to claim the maximum credit is currently \$33,500 regardless of household size.

Contact

Erin Martin | Director of Minnesota Afterschool Advance
erin@youthprise.org
(651)-207-9882

Kristy Snyder | Twin Cities Opportunity Youth Network Director
kristy@youthprise.org
(612)-839-7118

What is the current problem?

Typically, families using the K-12 Education Tax Credit must pay the full price of afterschool programs up front and wait for reimbursement when they file their taxes. Most low-income families don't have the cash flow to wait for reimbursement, so the only way they can utilize the Tax Credit is by receiving a no-interest, no-fee advance on their Tax Credit dollars from a program like Youthprise's Minnesota Afterschool Advance through a process known as "assignment."

The education needs of Minnesota students have changed significantly over the past 25 years. The opportunity gap has widened. Sustained funding for out-of-school time programs has evaporated. And now the recovery from the pandemic and distance learning is threatening to grow the existing disparities between low-income and more affluent learning.

The one thing that hasn't changed in 25 years is the income limit to qualify for the maximum K-12 Education Tax Credit to get help paying for afterschool programs, computer devices, school supplies, and musical instruments. The current limit of \$33,500 regardless of household size has not been updated since 1997 and continues to use Household Income definition, which is confusing for families and administratively burdensome to calculate.

What is the solution?

Youthprise is proposing three items that are essential to any reforms to this tax credit:



Increasing the income limit from the current \$33,500 to \$70,000 with a phaseout range. By significantly updating the income limit to restore eligibility to those families who have lost it since the income limit for the maximum credit was last set in 1997.



Indexing the income limit to prevent it from remaining unchanged for another quarter century.



Shifting to using adjusted gross income (AGI) to calculate family eligibility rather than the current Household Income definition. The current definition of "household income" for the Tax Credit is complex and 1.5 pages long in state statute. It includes many forms of non-taxable income and is no longer used by other state tax credits. By changing the definition to AGI will make it simpler for families to determine their eligibility.

As we struggle to get students caught up academically following the pandemic, ensuring everyone has access to activities like tutoring and academic enrichment is essential to avoiding a widening of our already troubling gap in educational outcomes between low-income students and their more affluent peers.



About Youthprise and Minnesota Afterschool Advance

Youthprise is a statewide intermediary with a mission of increasing equity with and for Minnesota's indigenous, low-income, and racially diverse youth. We envision a Minnesota where outcomes for youth are no longer predictable by race, geography, and socio-economic status.

Minnesota Afterschool Advance (MAA) is a collaboration between Youthprise and Venn Foundation to help low-income families pay for out-of-school time programs by eliminating barriers to utilizing the K-12 Education Tax Credit. Learn more about MAA at www.mnafterschool.org.



**FIRE
MARSHALS
ASSOCIATION OF
MINNESOTA**

Chair Ann Rest
75 Rev. Dr. Martin Luther King Jr. Blvd.
Capitol, Room 328
St. Paul, MN 55155

I am writing this letter on behalf of the Minnesota Fire Association Coalition which is comprised of the Minnesota State Fire Chiefs Association, the Minnesota State Fire Departments Association, the Fire Marshals Association of Minnesota, and the Minnesota Chapter of the International Association of Arson Investigators to express our support for Article 13, Fire and Police State Aids, a Department of Revenue Policy and Technical provision that was adopted by the 2022 Conference Committee on HF 3669, the omnibus tax bill.

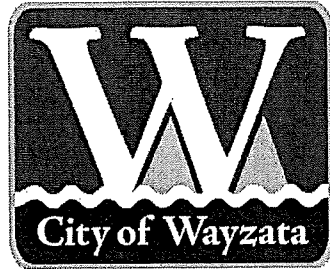
We appreciate the Conference Committee's past support and we would urge the 2023 Senate Tax Committee to pass these provisions again. MNFAC and other stakeholders worked closely with the Department of Revenue on this and it has widespread agreement and support.

Thank you for your time and consideration.

Sincerely,

Chief BJ Jungmann
Legislative Chair, MNFAC
legislative@msfca.org

CC: Senator John Jasinski
Senator Carla Nelson
Mitch Berggren



City Council
Mayor Johanna Mouton
Cathy Iverson
Molly MacDonald
Jeffrey Parkhill
Alex Plechash

City Manager
Jeffrey Dahl

Office of Senator Ann Rest
75 Rev. Dr. Martin Luther King Jr. Blvd.
Capitol, Room 328
St. Paul, MN 55155
Sent via email to mitch.berggren@senate.mn

Senator Rest,

On behalf of the Wayzata Mayor and City Council, I'd like to thank you for considering the City's sales tax exemption requests in the 2023 legislative session. The exemptions would have a significant financial impact on the public space investments we have made and will make along the lakeshore.

Thank you again for your support and consideration this session,

A handwritten signature in black ink, appearing to read 'Jeffrey Dahl', is written above the typed name.

Jeffrey Dahl
City Manager
City of Wayzata



Board of Directors:

Chair: Karen Blackburn
Vice Chair: Charles Skinner
Claire Smith
John Fredrikson
Howard Hedstrom
Chris Homyak
Stephen Skeels

Chuck Paton
Dennis Rysdahl
Jan Sivertson
James Taylor
Kimber Wraalstad
Mark Youngdahl
Executive Director: Linda Jurek

January 11, 2023

Sen. Ann Rest
Chair, Senate Tax Committee
Room 3409 Senate Office Building
St. Paul, Minnesota 55155

Dear Sen. Rest,

Thank you for the opportunity to share with you the importance of the 1% lodging tax renewal for Cook County, that was included in the 2022 Tax Conference Committee Report, Article 7.

This is a renewal of the 1% lodging tax for Cook County for another 15 years. This is in addition to their current 3% lodging tax; and lodging taxes above 3% require legislative approval.

This tax was added in 2008 and expires in November of 2023. The tourism associations of Cook County and the Cook County Commissioners approved the renewal during the summer of 2021. The additional 1% is targeted to promote local events and programming. As you all know, tourism is the top industry in Cook County. This is vital for its tourism organization, Visit Cook County, to continue to make investments that solidify and enhance community assets and tourism; brings wider awareness and supports visitor growth; provides jobs and economic opportunities in Cook County's No. 1 industry; and also provides locals with activities, events, music, arts and culture, contributing to a high quality of life.

We appreciate the work of the committee to review the work of the 2022 Legislature and ask for your consideration of including this important local tax in the 2023 Tax Bill.

Thank you!

Linda Jurek
Executive Director
Visit Cook County & Cook County Chamber

Cc: Sen. Grant Hauschild

Mitch Berggren

From: Huss, Angela A. <aahuss@locklaw.com>
Sent: Monday, January 9, 2023 7:43 PM
To: Mitch Berggren
Cc: Sen. Susan Pha; Christie Blood; Lenczewski, Ann T.; Reggie Edwards;
mayorgraves@brooklyncentermn.gov
Subject: [EXTERNAL] Letter of Support - Brooklyn Center LOST

Hi Mitch,

I am transmitting this message on behalf of the City of Brooklyn Center. Please feel free to distribute to Chair Rest and the committee.

Honorable Chair Ann Rest
75 Rev. Dr. Martin Luther King Jr. Blvd.
Capitol, Room 328
St. Paul, MN 55155

Dear Chair Rest,

On behalf of the City of Brooklyn Center, I am writing to you to express our sincere appreciation to you and the 2022 Conference Committee on HF 3669 for supporting Brooklyn Center's local option sales tax provision. We would urge the 2023 Senate Tax Committee to once again, include this provision in this year's omnibus tax bill.

Thank you for your time and consideration,

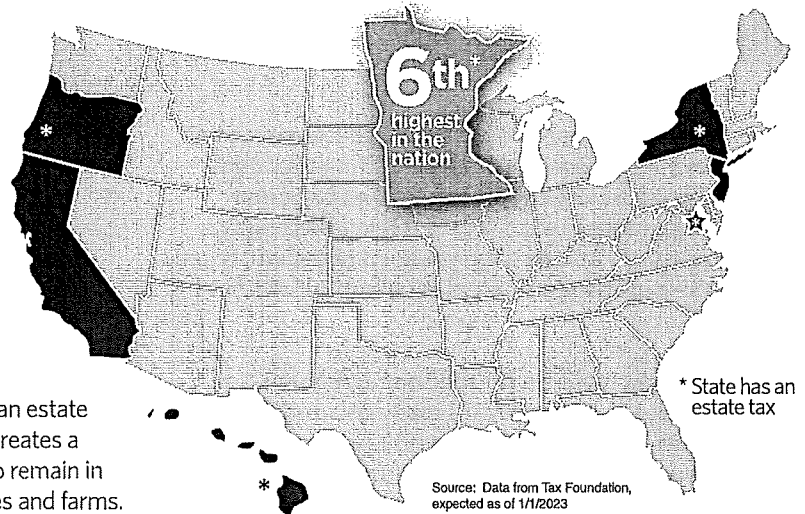
April Graves	Reggie Edwards
Mayor	City Manager

Angie Huss | State Government Relations
LOCKRIDGE GRINDAL NAUEN P.L.L.P.
100 Washington Avenue S | Suite 2200 | Minneapolis MN 55401
C: 507-399-3690 | www.locklaw.com

States with individual income tax rates higher than Minnesota

Minnesota's top rate is the sixth-highest in the nation at 9.8% and is higher than all non-coastal states. Minnesota's top rate kicks in at a lower threshold than other states' top rate, so for some incomes, Minnesota's tax burden is second-highest in the nation. Minnesota's next rate of 7.85% also ranks in the top 10 highest in the nation. Numerous economic research has found that high-income taxes negatively impact talent recruitment, investment and entrepreneurship.

Minnesota is also only one of 12 states that still has an estate tax. The high income tax combined with estate tax creates a large financial disincentive for wealthier taxpayers to remain in Minnesota and hinders transfers of family businesses and farms.

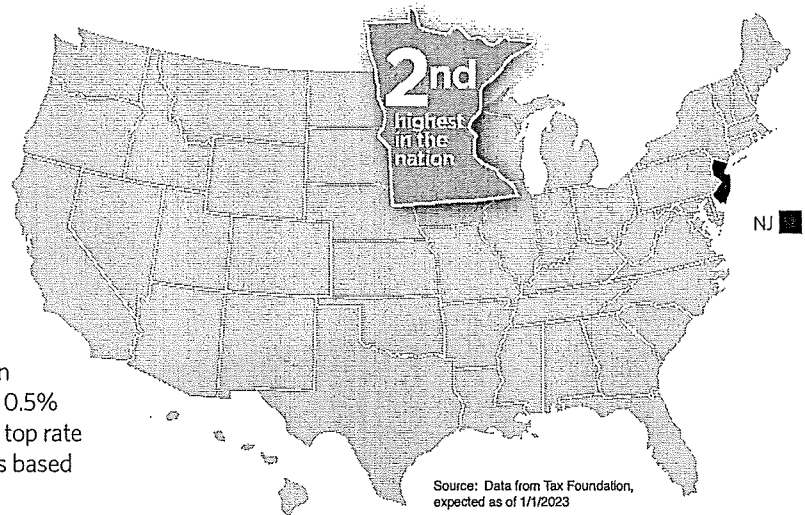


Only one state will have corporate rate higher than Minnesota in 2023

By 2024, Minnesota will have the highest corporate income tax rate in nation at 9.8% with the sunset of New Jersey's 2.5% surcharge (imposed on income above \$1 million). In 2023, Minnesota's tax will already be highest in the nation for corporate taxpayers with net income under \$1 million.

Other states with high tax rates have implemented tax reforms to improve business competitiveness, including Pennsylvania and Iowa. Pennsylvania is phasing in corporate rate reductions with a reduction from 9.99% to 8.99% beginning in 2023 and then a 0.5% rate decrease until it reaches 4.99% in 2031. With a top rate of 9.8%, Iowa is phasing in corporate rate reductions based on revenue triggers until the rate reaches 5.5%.

The corporate tax is a regressive tax as, ultimately, it is paid by consumers, employees and investors. According to economic research, the corporate tax is also one of the most volatile and economically detrimental taxes.



To ensure a strong future with a growing economy for all, Minnesota must take action to reduce our high tax rates to get Minnesota out of the top ten highest tax states!



380 St Peter St Suite 1050, St Paul, MN 55102
800.821.2230 | 651.292.4650 | www.mnchamber.com



Minnesota's unsustainable tax burden

Minnesota's taxes on private sector job creators and higher income taxpayers are higher than most other states. The gap between Minnesota and peer and neighboring states is wide, and getting wider. In the last two years, 27 states have reduced taxes and rates to make their states more attractive for investment and talent.

Minnesota's tax rates are in the top ten highest for both individual and corporate taxpayers, making the state an outlier. It is also one of 12 states still imposing an estate tax. These tax burdens create a barrier to economic growth, as high tax rates undermine investment, entrepreneurship and attraction and retention of talent - all items needed for strong private sector growth.

Economic potential

Minnesota's economy is highly developed, with the fifth-most diverse economy in the nation. In fact, the state ranks high across a range of metrics, with leading industry clusters, 16 Fortune 500 headquarters, high rates of innovation and one of the highest workforce participation rates in the nation. Minnesota's future economic success is not guaranteed, and policies need to reflect the realities of an ever-increasing competitive landscape.

Challenges

As is highlighted in the Minnesota Chamber Foundation's Minnesota: 2030 report, the state's overall economic performance is no longer nation-leading.

- Minnesota grew faster than the U.S. for decades, with job growth exceeding national job growth for 27 of 35 years from 1970-2004.
- Growth accelerated in the 1990s, with real GDP climbing 3.9% on average and employment growing 2.2% annually.
- Minnesota's GDP growth and job growth lag the national average in nine of the last 10 years.
- Minnesota continues to have uneven outcomes across demographic groups and regionally, with populations of color and nonmetropolitan areas experiencing lower levels of economic well-being on average.
- Minnesota is losing population to other states. Domestic net migration ranks 42nd worst in 2021, and workforce growth has stagnated.

Choose to grow Minnesota

Many factors impact the decision for businesses and individuals on where to invest or locate, including family, weather, cost of living and natural amenities. Not all of these factors are within policymakers' control. However, tax policies that hinder growth opportunities are within policymakers' control, and tax policy changes can yield economic results much more quickly.

States reducing corporate and/or income tax rate in 2021 and 2022 sessions

- Individual Income Tax Reduction
- Corporate Income Tax Reduction
- Corporate and income tax rate reduction

