



March 21, 2024

RE: SF 4725 (Rest) Tax Court Decisions

Chair Rest and Members of the Minnesota Taxes Committee,

The Minnesota Chamber of Commerce represents over 6,300 businesses of all sizes and industries employing over 500,000 employees in Minnesota. We advocate for public policies to strengthen Minnesota's business climate and to help grow Minnesota's economy. We thank Chair Rest for authoring this bill to provide taxpayers with greater certainty and clarity regarding Minnesota's tax laws.

This bill addresses a much needed reform to Minnesota's tax system which is to set in law a requirement for public notification by the Department of Revenue if they have decided to not follow a Minnesota Tax Court decision. Taxpayers and tax practitioners should be able to rely on Minnesota tax court decisions in order to comply with Minnesota's tax laws unless there is public notice from the Department of Revenue of their different interpretation of the law. This bill enacts the equitable solution recommended by Minnesota Supreme Court Justice Anderson in his dissent in the recent Minnesota Supreme Court case, *Cities Management, Inc. v Commissioner of Revenue*, Case No. A23-0222 (November 22, 2023). This bill will help prevent a future taxpayer from having an unexpected tax hit as occurred in this case where the taxpayer reasonably relied on a tax court decision in structuring a business sale not knowing the Department had internally decided not to follow that decision but did not make that public for 10 years later. As the MN Supreme court noted in *Cities Management*:

"We are troubled by the Commissioner's conduct that this case brought to light. Rather than appealing the tax court's interpretation of tax law with which the Department disagreed, the Commissioner decided internally—apparently without notice to the public—that the Department would "not acquiesce" to the tax court's interpretation of the law. We fear that such actions do little to inspire the trust and confidence of taxpayers in Minnesota's tax system."

We urge your support of this bill to help provide greater clarity, certainty and trust in Minnesota's tax system.

Sincerely,

Beth Kadoun

Beth Kadoun
Vice President of Tax and Fiscal Policy
Minnesota Chamber of Commerce