

March 17, 2025

Senator Rest, Chair
Senate Tax Committee
328 State Capitol
St. Paul, MN 55155

RE: Opposition to sales tax on accounting services

Dear Chair Rest and Members of the Senate Tax Committee:

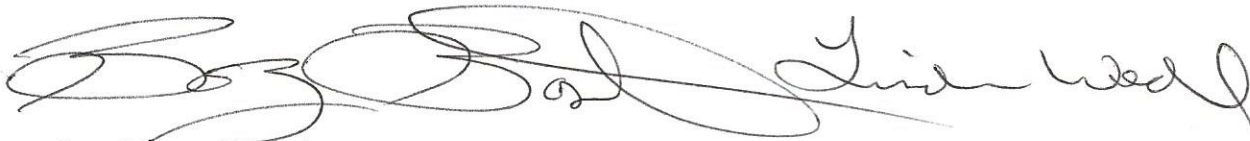
On behalf of the Minnesota Society of CPAs (MNCPA), we are writing to express our strong opposition to the proposed tax on professional accounting services included in SF 2374. The MNCPA is a professional association with more than 7,000 members who provide tax and accounting services to individuals, businesses, and governmental entities. This tax as proposed would impose significant burdens on individuals while negatively affecting the state's economy.

A tax on accounting services unfairly increases costs for individuals who need professional tax preparation and financial guidance. These individuals may need CPA services to comply with complex state and federal tax laws or to assist them after an unfortunate life event such as a divorce or a death in the family. Taxing these essential services effectively penalizes individuals for seeking compliance, leading to potential errors, increased enforcement costs, and reduced tax revenue due to unintentional noncompliance.

Additionally, this tax would disproportionately affect those with lower incomes. Sales taxes are inherently regressive. Individuals with fewer financial resources will feel the impact more acutely. Those who can least afford professional assistance may be forced into a "do-it-yourself" approach, risking costly mistakes that could result in audits, penalties, and financial hardship or forgo a benefit they are entitled to because they didn't have resources to file the necessary forms.

Rather than implementing a tax that discourages compliance, increases administrative burdens, and drives business out of state, we urge the legislature to consider policies that promote economic growth and fairness. We appreciate your time and consideration of this critical issue and encourage you to oppose the taxation of professional accounting services in SF 2374.

Sincerely,

The image shows two handwritten signatures in black ink. The signature on the left is for Boz Bostrom, featuring a stylized 'B' and 'B'. The signature on the right is for Linda Wedul, with a more fluid, cursive style.

Boz Bostrom, chair
Minnesota Society of CPAs

Linda Wedul, President & CEO
Minnesota Society of CPAs