



MINNESOTA BUDGET PROJECT

An initiative of
the Minnesota Council
of Nonprofits

March 18, 2025

Senator Ann Rest
Chair, Senate Taxes Committee
328 Capitol
St. Paul, MN 55155

Dear Chair Rest and Senate Taxes Committee members:

The Minnesota Budget Project supports enacting a new “5th tier” income tax bracket focused on the highest-income households as a component of a fair tax system that sustainably raises the resources needed to fund the services Minnesotans value and count on.

Raising revenue by creating a new income tax bracket on the highest-income households is a strategy Minnesota has successfully used before. In 2013, Minnesota passed a 4th tier in a progressive tax package that ended a decade of frequent budget deficits, and funded investments in education from our youngest learners through college, and other crucial public services. Despite concerns that some had, the number of high-income Minnesota taxpayers grew after the 4th tier was enacted.

A 5th tier could contribute to addressing the real challenges that everyday Minnesotans are facing by raising sustainable funding for crucial public services, including affordable health care, child care, housing, a quality education from the earliest years through college and training, clean air and water, and other building blocks of a high-quality standard of living.

Minnesota is facing likely monumental changes at the federal level that will harm our people and the state’s budget. Federal policymakers have plans to dramatically step back from their commitments to health care, food support, and other services Minnesotans count on to be healthy and get by. Federal policymakers will likely shift more responsibilities to the states and at the same time, cut funding to state and local governments. In this environment, Minnesota needs additional revenues to protect public services that contribute to shared prosperity.

It makes sense for those with the most resources to contribute a bit more in order to build a stronger future for our state. A new 5th tier income tax bracket focused on the highest-income Minnesotans is a targeted policy to achieve that goal.

Sincerely,

A handwritten signature in black ink, appearing to read "Nan Madden", with a long horizontal flourish extending to the right.

Nan Madden
Minnesota Budget Project Director

The Minnesota Budget Project, an initiative of the Minnesota Council of Nonprofits, identifies and promotes public policies so that economic security is available to all Minnesotans, regardless of who they are or where they live.