

May 6, 2025

Chair Rest and Members of the Senate Taxes Committee:

Thank you for the opportunity to submit written testimony on SF 2374 (A-4 DE amendment), the omnibus tax bill.

Minnesota Realtors® (MNR) was founded in 1919 and is a business trade association with a membership of over 21,000 real estate professionals, including both salespeople and brokers, statewide.

MNR's 2025 Legislative Session Agenda includes protecting the right of real estate salespeople to work as independent contractors and of brokers to classify real estate salespeople as independent contractors. MNR also has a long history of supporting federal tax conformity.

We respectfully share our concerns with the provision in Article 1, Section 29, which would decouple Minnesota from section 530 of federal public law 95-600, which provides a "safe harbor" for businesses who have classified workers as independent contractors and had a reasonable basis for that determination.

While real estate salespeople are classified as independent contractors in both the IRS code and Minnesota Rules, decoupling Minnesota from section 530 would increase regulatory and legal uncertainty for all industries and businesses with independent contractor workers.

We recommend maintaining Minnesota's conformity with section 530 and instead place the regulatory focus on holding those businesses accountable that willfully and intentionally misclassify their workers.

We are continuing to review the A-4 amendment posted last evening and may have additional comments for the conference committee.

Again, thank you for the opportunity to submit written testimony on SF 2374 (A-4 DE amendment), the omnibus tax bill.

Sincerely,



Paul Eger
Senior Vice President, Governmental Affairs
Minnesota Realtors®