



May 6, 2021

Governor Tim Walz
130 State Capitol
75 Rev Dr. Martin Luther King Jr. Blvd.
St. Paul, MN 55155

Governor Walz:

I am writing you today to express our concern regarding the Section 199A(g) “add back” language currently being debated in the Tax Omnibus Bill Conference Committee, and how it would impact our cooperatives’ member-owners.

HF 991 adds a new provision to decouple Section 199A(g) from conformity with Federal tax code. Section 199A(g) is a Federal tax code provision that allows a deduction to cooperatives which may pass the deduction to individual farmers. Since the federal Tax Cut and Jobs Act in 2017, Section 199A(g) in Minnesota has conformed with Federal tax code and the deduction has been allowed for both cooperatives and individual farmers.

By removing conformity to Section 199A(g), the result is a tax increase on individual farmers, who are the member-owners of our cooperatives around the state.

Tax conformity assistance would provide relief to cooperatives and their member-owners who may still be experiencing difficult economic times due to the ongoing pandemic.

If you have any questions or concerns, please feel free to contact our Government Affairs Director, David Larson, via email (David.Larson@cooperativenetwork.coop). Thank you for your time and consideration.

Sincerely,

A handwritten signature in black ink that reads "Daniel A. Smith". The signature is written in a cursive style with a large initial "D".

Daniel Smith
Cooperative Network
President and CEO

CC: Sen. Carla Nelson, Rep. Paul Marquart, Sen. Paul Gazelka, Rep. Melissa Hortman