



March 30, 2022

RE: HF 3967 (Davids) Modifications for pass-through entity tax

Chair Marquart and Members of House Tax Committee,

We thank Rep. Davids for authoring HF 3967 and for the ability to submit written testimony. We urge your support of this bill to provide needed fixes as identified by tax practitioners for the pass-through entity (PTE) tax law enacted last year.

Many taxpayers are utilizing this new PTE option to pay their Minnesota business income taxes at the entity level. This is great news as many Minnesota taxpayers are benefiting from the law this committee was instrumental in passing last year to help reduce federal tax burdens and help improve Minnesota's competitiveness. Nineteen other states have also implemented similar provisions in response to the federal \$10,000 cap for itemized state and local taxes (SALT) enacted in the 2017 federal tax bill. We appreciate and thank the Minnesota Department of Revenue staff for their work last year on the bill language and for their efforts to implement this new law.

We urge your support of the provisions identified by the Minnesota Society of CPAs and other tax professionals to make sure the PTE option is available to more Minnesota taxpayers enabling them to lower their federal tax burdens.

Sincerely,

A handwritten signature in black ink that reads "Beth Kadoun".

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