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April 20, 2026

RE: Governor's Tax on Services

Dear Minnesota House Tax Committee members:

I represent the National Association of Insurance and Financial Advisors - Minnesota. NAIFA Minnesota serves Main Street clients across Minnesota. This letter expresses opposition to the proposal to apply sales tax to financial planning, investment management, retirement planning, wealth management, trust management, and related financial services purchased by individuals.

Under the 2026 Governor's Supplemental Tax Bill, S.F. 5052, the sales tax base would be expanded to include banking and brokerage services purchased by a person other than a trade or business, specifically including wealth management, financial planning, retirement planning, trust management, and investment management. The bill language identifies these services as taxable when purchased by individuals, which would directly increase the cost of essential financial guidance for Minnesota consumers.

Financial and retirement planning are essential services that clients rely upon every day. Those clients include retirees managing on a fixed income, parents saving for their children's college costs, and new entrants to the workforce saving for their futures. Many Minnesotans could reduce or forgo these services if the added cost of sales tax makes professional guidance less affordable.

NAIFA Minnesota members work daily to help clients succeed, provide for their families, and prepare for retirement. For that reason, NAIFA Minnesota strongly opposes the proposed sales tax expansion on wealth management, financial planning, trust management, investment management, and related financial services, and respectfully urges the committee to remove these provisions from the bill.

Sincerely,

Lori Gubash CLTC, FICF | Planning Consultant
President, NAIFA MN
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MINNESOTA ASSOCIATION OF PUBLIC ACCOUNTANTS

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ERIN NEBBEN

Dear Chair Gomez, Chair Davids, and members of the House Taxes Committee

On behalf of the Minnesota Association of Public Accountants (MAPA), we write to express our support for legislation that would conform Minnesota's tax code more closely with the federal Internal Revenue Code, and our opposition to provisions that would extend the sales tax to financial and accounting services.

MAPA represents accounting professionals who provide tax, audit, and advisory services to individuals and businesses across Minnesota. Our members regularly navigate both federal and state tax systems and see firsthand the complexity and cost that arise when the two diverge.

Greater conformity with the federal tax code simplifies compliance by reducing duplicate calculations, lowering administrative burdens, and improving efficiency for taxpayers, practitioners, and the Minnesota Department of Revenue.

In contrast, extending the sales tax to financial and accounting services would increase the cost of required compliance services, add administrative complexity, and place Minnesota firms at a competitive disadvantage. These services are not discretionary but are essential for individuals and businesses to meet legal and financial obligations.

For these reasons, MAPA supports federal tax conformity and respectfully urges the Legislature to maintain the current sales tax exemption for financial services to ensure affordability, reduce administrative burden, and support a competitive business environment in Minnesota.

Thank you for your time and attention to this issue. Please feel free to contact us if we can be a resource to the committee.

Sincerely,

Minnesota Association of Public Accountants



Invest in Minnesota
COALITION



In 2025, the federal government enacted a far-reaching tax bill (H.R. 1) that included a number of important tax changes for both individuals and businesses. It is now up to each state to determine how they choose to adapt. Some states automatically conform to federal changes while other states like Minnesota make their own determinations about if and how to conform.

A statewide coalition of more than 60 organizations representing small businesses, agriculture, manufacturing, and more supports:

- **Helping businesses reinvest** in Minnesota and our economy
- **Improving Minnesota's competitiveness** as other states reduce their tax burdens and adopt full conformity, Minnesota risks falling behind by not taking advantage of these law changes.
- **Reducing tax compliance costs and complexity** Section 179 expensing

Section 179 expensing

Section 179 is the section of the federal income tax code

that determines when businesses can deduct the cost of purchasing certain equipment. By matching the new \$2.5 million Federal Section 179 deduction limit for capital equipment and other tangible property, Minnesota businesses will be further incentivized to invest here.

Bonus depreciation

Conforming to the updated federal bonus depreciation provisions would allow businesses to immediately deduct a greater share of qualifying equipment purchases and would expand eligibility to certain new manufacturing buildings. This change would benefit businesses across industries, particularly those investing in new manufacturing facilities.

Research and Experimentation (R&E) expensing

Prior to 2022, businesses were able to deduct their domestic R&E costs in the year in which they took place. Since then, business have been required to amortize their domestic R&E costs over a longer five-year period. The federal tax bill returned to immediate expensing. Adopting this change will encourage job growth and additional R&E activity in Minnesota . ■

Let's invest in Minnesota businesses and their employees!

These important tax changes will support economic growth in Minnesota by encouraging more business investment and expansion, benefitting our economy and our state.

Coalition members



Auto Repair / Towing
Energy Transportation
Convenience Retailing
SINCE 1966



FEDERATION

MINNESOTA CHAMBER OF COMMERCE

Albert Lea Freeborn County Chamber of Commerce
Alexandria Lakes Area Chamber of Commerce
Anoka Area Chamber of Commerce
Apple Valley Chamber of Commerce
Austin Area Chamber of Commerce
Bemidji Chamber of Commerce
Big Lake Chamber of Commerce
Brainerd Lakes Chamber
Burnsville Chamber of Commerce
Cloquet Chamber of Commerce
Cottage Grove Chamber of Commerce
Cuyuna Lakes Chamber of Commerce
Dakota County Regional Chamber of Commerce
Detroit Lakes Regional Chamber of Commerce
Duluth Area Chamber of Commerce
The Chamber Grand Forks - East Grand Forks
Eden Prairie Chamber of Commerce
Elk River Area Chamber of Commerce
Fairmont Area chamber of Commerce
Fargo Moorhead West Fargo Chamber of Commerce
Faribault Area Chamber of Commerce and Tourism
Fergus Falls Area Chamber of Commerce
Forward Worthington

Glenwood Lakes Area Chamber of Commerce
Grand Rapids Area Chamber of Commerce
Greater Mankato Growth Inc.
Greater Stillwater Chamber of Commerce
Hastings Area Chamber of Commerce & Tourism Bureau
Hermantown Area Chamber of Commerce
Hibbing Area Chamber of Commerce
Hutchinson Area Chamber of Commerce
I-94 Chamber of Commerce
International Falls Chamber of Commerce
Lake City Chamber of Commerce
Lake County Chamber of Commerce
Lakeville Area Chamber of Commerce & CVB
Laurentian Chamber of Commerce
Litchfield Chamber of Commerce
Lonsdale Chamber of Commerce
Marshall Area Chamber
MetroNorth Chamber of Commerce
Minneapolis Regional Chamber of Commerce
New Prague Chamber of Commerce
New Ulm Area Chamber of Commerce
Northfield Area Chamber of Commerce & Tourism

Owatonna Area Chamber of Commerce and Tourism
Park Rapids Lakes Area Chamber and Tourism
Pipestone Area Chamber of Commerce
Red Wing Chamber of Commerce
Redwood Falls Area Chamber and Tourism
River Heights Chamber of Commerce
Rochester Area Chamber of Commerce
Saint Cloud Area Chamber of Commerce
Sauk Centre Area Chamber of Commerce
Shakopee Chamber and Visitors Bureau
Southwest Metro Chamber of Commerce
St. Anthony Chamber of Commerce
St. Paul Area Chamber of Commerce
Thief River Falls Chamber of Commerce
Twin Cities North Chamber of Commerce
Waconia Chamber of Commerce
Waseca Chamber of Commerce
White Bear Area Chamber of Commerce
Willmar Lakes Area Chamber of Commerce
Windom Chamber of Commerce
Winona Area Chamber of Commerce
Woodbury Area Chamber of Commerce



380 St Peter St Suite 1050, St Paul, MN 55102
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April 23, 2026

Dear Members of the House Taxes Committee:

The Minnesota Chamber of Commerce represents over 6,300 businesses of all sizes and industries and over 500,000 employees in Minnesota. We advocate for public policies to strengthen Minnesota's business climate and to help grow Minnesota's economy.

We appreciate the opportunity to share our position on various provisions contained within the Governor's Supplemental Tax Bill. We support certain provisions and their positive impact on the state's economy, however we are concerned that several others will harm Minnesota's economic competitiveness.

We support the following provisions:

- **Federal Tax Conformity:** Updating Minnesota's tax code to reflect federal changes made by 2025's HR 1 would help increase and promote business investment in Minnesota. Specifically, the Minnesota Chamber along with the 20 other trade associations and 67 local chambers of commerce that comprise the Invest in Minnesota Coalition support the changes relating to Section 179 Expensing and Bonus Depreciation. We also support the changes to the business interest limit. We hope that in the remaining days of session, that some consideration can be made for the Research and Experimentation expensing changes that are not included in the Governor's proposal.
- **Pass-Through Entity Extension:** We strongly support the Governor's position to extend the state's PTE tax to avoid Minnesota businesses paying between \$400 and \$500 million annually in higher federal tax bills.
- **Enhancements for Sustainable Aviation Fuel (SAF):** Enhancing the state's tax benefits for SAF will help Minnesota play a leading role in this important and rapidly growing industry.

We oppose the following provisions:

- **Social Media Excise Tax:** Imposing this first-in-the-nation social media excise tax will raise taxes by \$244.5 million over the next three years. In all likelihood, the cost of this tax will ultimately be born by the customers of the impacted companies. A significant number of Minnesota businesses of all sizes use social media platforms to advertise their products and services and they will be negatively harmed by this proposal.
- **Sales Tax Expansion to More Professional Services:** Expanding the sales tax to these professional services would impose a new cost burden on consumers. The services proposed to be included are not extravagances but instead help individuals and families seek legal advice, banking help, tax support, purchase homes, and other needed professional advice.
- **GILTI/NCTI Conformity:** The state's current taxation of GILTI without foreign factor representation presents significant legal and budgetary risk to the state of Minnesota. Making conformity modifications on this type of income without additional changes to foreign factor representation continues that risk. We look forward to continued conversation on this topic in the remaining weeks of session.

We look forward to working with the members of the committee on these topics and more to advance the goal of an enacted Tax Bill this session. Thank you for your consideration.

Sincerely,

Brian Cook
Director of Tax, Fiscal Policy, and Elections



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NFIB.com/MN

April 23, 2026

House File XXXX (Gomez) – 2026 Governor’s Tax Bill

Chair Gomez, Chair Davids, and Members of the Committee -

The National Federation of Independent Business (NFIB) represents about 10,000 small businesses across Minnesota. Our members span every industry and serve local communities throughout the state. Our mission is to promote and protect the rights of our members to own, operate, and grow their businesses. **We appreciate the opportunity to comment on the Governor’s 2026 Tax Bill proposal.**

First, we are appreciative of the inclusion of the following provisions, which we believe are positive steps in ensuring that Minnesota’s small businesses can take full advantage of recent changes in the federal tax package and maximize federal tax savings.

- **We support updating Minnesota’s conformity to the Internal Revenue Code.** Specifically, we appreciate conformance to the increased dollar limit under Section 179 as well as restoring the ability of a small business to claim bonus depreciation for up to 100% of qualified property. We believe that both the increased Section 179 limit and the bonus depreciation will provide small businesses with additional liquidity, which enables them to reinvest, hire, and grow.
- **We support repealing the sunset of the Pass-Through Entity (PTE) Tax Election.** This revenue-neutral provision will provide additional federal tax relief to small business owners who will be able to reinvest these dollars into their businesses and communities. Without this provision, the small businesses that utilize this option will potentially face increased federal tax liability, which will hamper their ability to grow their businesses and serve their local communities.

However, we have strong concerns with the following provisions that seek to increase taxes on Minnesotans. Small businesses are already struggling with rising operating costs, and we believe that the following proposals will impede our state's competitiveness and result in higher costs for consumers.

- **We oppose the expansion of the sales tax in Article 3, Section 6.** This proposal would subject certain services, such as accounting, banking, and legal services, to the sales tax, resulting in an additional burden on consumers and provide an incentive for Minnesotans to do business with out-of-state providers for these services.
- **We oppose the imposition of a social media excise tax in Article 3, Section 5.** Our members are concerned that a new tax on social media platforms will drive up advertising costs for small businesses who use these platforms as part of an affordable, digital marketing strategy. We are also concerned that social media platforms may respond to this tax by limiting features or reducing access to the services they offer in the state, which would result in fewer advertising options for small businesses that utilize these platforms.

Finally, we strongly encourage full conformity to the immediate expensing of R&E expenditures rather than requiring an 80% addback in the same year that the taxpayer took the expense deduction. Full conformity will allow Minnesota's small businesses to immediately deduct these expenses, and will provide them with an opportunity to improve, upgrade, and innovate new products and services.

Thanks for the opportunity to provide comments.

Sincerely,



Jon Boesche
Minnesota State Director
National Federation of Independent Business

AMERICANS FOR DIGITAL OPPORTUNITY

April 23, 2026

Rep. Greg Davids and Rep. Aisha Gomez
Co-Chairs, House Taxes Committee
Minnesota State Capitol, Room 120
Saint Paul, Minnesota

Dear Co-Chairs Davids and Gomez, and Members of the House Taxes Committee:

We write to express our strong opposition to the Social Media Consumer Data Collection Tax.

Supporting workers displaced by artificial intelligence is a noble endeavor and something all reasonable Americans support. However, passing this tax as a means to fund this program will not achieve your goal. Instead, this tax will only invite legal challenges and do nothing to help Minnesota workers.

As you know, Chicago is already facing a lawsuit over the 2025 Social Media Amusement Tax based on the grounds that it violates the Internet Tax Freedom Act (“ITFA”). ITFA prohibits states from imposing “discriminatory taxes on electronic commerce” – which is exactly what this tax would do. Additionally, this tax could violate free-speech protections under the First Amendment.

Should you pass this tax and it be overturned by the courts, then Minnesota would be forced to pay back every cent collected, plus interest. Not only will drawn out litigation costs fall on taxpayers, but this could also leave an even greater budget hole.

Access to social media, and access to the customers on these platforms, has leveled the playing field for small businesses. Businesses of all sizes now have an equal opportunity to reach the same customers, giving start-ups, local newspapers, and countless entrepreneurs the opportunity to grow and succeed. This proposal taxes one of the most important lifelines for Minnesota’s small businesses, which will result in higher costs to reach new customers and higher prices for existing customers.

Proponents of this tax will argue that it will only affect a handful of multi-billion-dollar companies, but the truth hits much closer to home. Like all business to business expenses, Minnesota consumers and small businesses will be disproportionately burdened by this tax.

Minnesotans, like all Americans, are still navigating significant economic pressures and record-high costs. This, coupled with new tariffs and a slowing economy, creates even more economic uncertainty for businesses and workers. Additional taxes would only compound these challenges, driving people and investments out of the state.

This legislative session provides you and your colleagues with an opportunity to deliver results for Minnesota. Legislative discussions should center around ways to harness the state's opportunity to build a more competitive business environment which would encourage innovation and grow the overall tax base.

We hope that you will see that the Social Media Consumer Data Collection Tax would have far-reaching, negative consequences for businesses, consumers, and Minnesota's economy. Should this tax be overturned by the courts, programs for workers negatively affected by artificial intelligence would go unfunded. For these reasons, we urge you to oppose the Social Media Consumer Data Collection Tax.

Sincerely,

Americans for Digital Opportunity



April 23, 2026

Dear members of the Senate Taxes Committee,

Our organizations represent hundreds of thousands of Minnesotans and their businesses that provide essential professional services on which communities across the state rely. We write to express our serious concerns regarding the sales tax provisions included in the Governor’s proposed tax budget bill.

At a time when many Minnesotans are already concerned about the potential of rising costs on material goods due to tariffs, expanding the sales tax to these professional services would impose hundreds of millions in additional burden on consumers over the next three years. The services proposed to be included are not extravagances but instead help individuals and families seek legal advice, banking help, tax support, purchase homes, and other needed professional advice.

While the proposal would lower the state’s general sales tax rate by 0.075% (a savings of \$7.50 on \$10,000 of taxable purchases), it also would simultaneously apply city, county, and metro area sales taxes to these professional services. This would raise costs for customers by up to 9.8% depending on their locality and hurt our competitiveness. Those increased costs will be significantly higher than any potential savings and incentivize Minnesotans to utilize out-of-state providers for these taxed services, to the detriment of local businesses.

Additionally, the proposal’s language lacks clarity in its definitions. The use of “including but not limited to” language and the inclusion of specific fees creates uncertainty about which charges would be considered taxable, leading to confusion and potential compliance challenges.

Finally, the effective date of September 30, 2026, is impractical. Many affected industries have never been required to collect sales tax and would need significant time and resources to develop the necessary collection and remittance systems. Implementing such a complex change on such short notice would impose undue costs and administrative burdens.

We appreciate your attention to these concerns and welcome the opportunity to further discuss the industry-specific impacts listed in greater detail below:

Home Purchase Services

Minnesota should be focused on reducing the cost of homeownership. However, applying the sales tax to more services will do the opposite. The list of services in the Governor's proposal that would be newly subject to the sales tax includes "loan servicing" and "title search." Taxing those services will increase the cost of purchasing a home, adding to the affordability challenges Minnesotans, particularly first-time homebuyers and low-and moderate-income households, are already facing in the current market.

Legal Services

The proposed sales tax will burden low-income and average-income Minnesotans during some of the most stressful and vulnerable moments of their lives. It will also make Minnesota law firms less competitive and create jobs in the 46 other states that don't tax legal services. Many attorneys are licensed in multiple states, so Minnesotans will be incentivized to hire out-of-state attorneys who hold Minnesota licenses for legal matters here, and they will be discouraged from hiring Minnesota attorneys who are licensed in other jurisdictions to handle out-of-state matters. In addition, large firms with multi-state presences will have an incentive to relocate work—and workers—out of Minnesota.

Banking Services

Minnesota banks are dedicated to building strong relationships with our customers and helping them to achieve their financial goals. This sales tax expansion will negatively impact all Minnesotans, disproportionately harming Minnesota's seniors and low-income households. Also, the bill goes far beyond a tax on services and will tax bank fees. The bill's vague and all-encompassing "including but not limited to" language imposes a tax on all banking fees, except those expressly exempted. These taxes will be imposed on Minnesotans of all incomes, with greatest impact on our most vulnerable banking customers. Minnesota financial institutions currently do not collect sales tax and setting up a system would take a significant amount of time and resources that will get passed on to customers.

Financial Services

A sales tax on financial services would increase the costs of savings, retirement planning, and college education savings for Minnesota residents. It would also increase the cost of doing business in Minnesota – a cost which is not imposed on these services in any other state.

By taxing personal financial services, Minnesota would create a barrier for Minnesotans to save by increasing costs, as well as to seeking professional financial advice – a critical component

of good savings practices. In fact, a 2022 survey found that 74% of those working with a financial advisor are on track or ahead in saving for retirement, compared to 45% of those not working with an advisor. Moreover, even a small additional cost to savings could have significant implications for investors. Because that money is no longer being invested, it can no longer grow in the investment account. For example, assuming a conservative 6% rate of return, \$100 in sales tax paid in a single year could cost an individual over \$600 by the time they retire. Multiplied by a lifetime of savings and investing, the impact would be significant.

Finally, this tax could hurt middle class families the most, as most households first seek advice at below \$50k in assets which taxes those who can least afford it.

Accounting Services

Certified Public Accountants (CPAs) have the unique ability to service clients across all 50 states, regardless of their licensing location. This flexibility is a cornerstone of the profession. Unlike many other industries that rely on physical presence, the accounting profession is portable, allowing businesses and individuals to choose the best service providers regardless of location.

A sales tax on accounting services in Minnesota will immediately raise the cost of essential financial assistance and put the state's CPAs at a competitive disadvantage compared to their counterparts in other states. The added cost of sales tax will encourage Minnesota taxpayers to seek services from out-of-state CPAs who can offer the same services without the additional tax burden and increases cost which will result in a loss of business for Minnesota-based accounting firms.



April 22, 2026

RE: Governor's tax bill

House Taxes Committee Members:

The Minnesota State Bar Association (MSBA), a voluntary professional association representing approximately 12,000 attorneys in Minnesota, opposes the proposed sales tax on consumer legal services in the governor's tax bill. The proposal would be extremely detrimental to the Minnesotans who can least afford it, especially during some of the most stressful and challenging moments of their lives.

Fundamental unfairness: Frequently, the state tries to take an individual's liberty (criminal cases), property (eminent domain), money (income tax and property tax disputes), livelihood (occupational and professional licensure), or children (child protection). When Minnesotans hire attorneys to assert and protect their interests in these life-altering cases, it would be extraordinarily unfair—especially when they prevail—to force them to pay what could easily be thousands of dollars in taxes to the same government that initiated the action.

Resource imbalance: The proposed tax will exacerbate resource imbalances in litigation. We do not support expanding the sales tax to include business services, but the consumer-only nature of the proposal means that individuals will have to pay taxes on legal services in disputes against better-resourced entities that will not. These matters include debt collection, eviction, sexual harassment, foreclosure, work comp, non-compete agreements, intellectual property disputes, and personal injury cases.

Unaffordability: The average Minnesotan does not have savings to pay for legal services. When they need to hire an attorney, it can require selling assets, relying on credit cards, or borrowing money from retirement funds or home equity (if either is available). So taxing legal services often means taxing funds that are *already* subject to significant interest or tax consequences.

Justice gap: The proposal purports to exempt legal aid services from the expanded sales tax. This is a confusing and meaningless "exemption" because legal aid programs provide free services. But those services are only available for extremely underprivileged people — the maximum qualifying income for a family of four is just \$40,187.50. Families making twice that amount still struggle mightily to afford legal services. More importantly, Minnesota's legal aid programs only have the resources to serve 45% of qualified applicants. The proposed sales tax will put critically needed legal services even more out of reach for low-income and average-income Minnesotans.

Court resources: When Minnesotans can't afford lawyers and don't receive free counsel (even if they are eligible) their only choice is to represent themselves and confront daunting legal and procedural complexities for which they have no training. Self-represented litigants significantly slow down court proceedings and delay the administration of justice for all users of the court system. Making legal services more unaffordable will only make this problem worse.

We urge you to reject this harmful and unfair tax.

Sincerely,

A handwritten signature in blue ink, appearing to read "Bryan Lake".

Bryan Lake
MSBA lobbyist

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April 22, 2026

The Honorable Greg Davids
Co-Chair, Minnesota House Committee on Taxes
658 Cedar Street
St. Paul, MN 55155

The Honorable Aisha Gomez
Co-Chair, Minnesota House Committee on Taxes
658 Cedar Street
St. Paul, MN 55155

Re: 2026 Governor's Tax Bill – Concerns with Social Media Tax Provision

Dear Chairs Davids, Gomez, and Members of the Committee:

I write on behalf of TechNet to express concerns with the social media tax provision included in the Governor's 2026 tax bill.

TechNet is the national, bipartisan network of technology CEOs and senior executives that promotes the growth of the innovation economy by advocating a targeted policy agenda at the federal and 50-state level. Our diverse membership includes dynamic American businesses ranging from startups to the most iconic companies on the planet and represents over three million employees and countless customers in the fields of information technology, e-commerce, the sharing and gig economies, advanced energy, cybersecurity, venture capital, and finance.

We appreciate the Committee's efforts to evaluate evolving business models in the digital economy. However, the proposed tax on social media platforms raises significant legal, economic, and practical concerns that warrant careful reconsideration.

First, the provision is likely to face legal challenges. Taxes that single out digital activity but not comparable offline conduct raise concerns under the federal Internet Tax Freedom Act (ITFA) and the U.S. Constitution. Similar proposals in other states have been subject to litigation or struck down, creating uncertainty for both states and taxpayers.

Second, the revenue associated with this provision is uncertain. Legal challenges could delay or prevent implementation, and in some cases may result in states being required to issue refunds with interest if such taxes are ultimately invalidated.

Third, the costs of the tax are likely to be passed on to Minnesota businesses and consumers. Many small and local businesses rely on social media platforms and digital advertising tools to reach customers. Increased costs for these services may reduce their ability to compete, grow, and effectively engage in the modern marketplace.

Fourth, the provision may negatively impact Minnesota's economic competitiveness. Targeting a specific sector for taxation risks discouraging investment and innovation while imposing duplicative burdens on companies already contributing through existing tax structures.

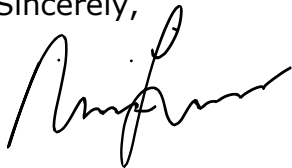
The proposal also presents meaningful administrative and compliance challenges. Determining user location for tax purposes is inherently complex—particularly with mobile users, shared devices, and VPN usage—creating additional costs and uncertainty for both businesses and the state.

Finally, the provision may have unintended implications for user privacy. Compliance could require platforms to collect and retain more granular user data, such as location or device information, which runs counter to widely supported data minimization principles.

For these reasons, TechNet respectfully urges the Committee to oppose the social media tax provision in the Governor's tax bill. We remain committed to working with lawmakers on balanced approaches that support innovation, protect consumers, and provide sustainable and legally sound tax policy.

Thank you for your time and consideration.

Sincerely,



Ninia Linero
Executive Director, Illinois & the Midwest
TechNet