



April 18, 2021

Representative Rena Moran
Chair, House Ways and Means Committee
449 State Office Building
St. Paul, MN 55155

Dear Chair Moran and House Ways and Means Committee members:

It is urgent and necessary for Minnesota to raise the revenues needed to fully respond to the pandemic and economic downturn so that all Minnesotans can be healthy, safe, and economically secure. It's also essential that we build a more equitable recovery by addressing the disparities and disinvestment that existed before the pandemic hit, from affordable housing to child care, to the barriers limiting opportunities for Minnesotans of color.

While the state's February Forecast showed an improved budget situation, it also showed that general revenues were still below what was projected in February 2020. Additional federal funding coming to the state is good news, but those resources are temporary and are not a substitute for sustainable new revenues.

House File 991 reflects the fact that it makes sense for those with the most resources to contribute a bit more in order to ensure Minnesotans can get through the pandemic and its harmful impacts, and build a stronger, more equitable future.

We particularly support creating a new 5th income tax bracket on taxable income above \$1 million. This is a strategy Minnesota has successfully used before. The 4th tier passed in 2013 contributed to a fairer tax system and funded education investments for our youngest learners to college students. Despite concerns that some had, the number of high-income Minnesota taxpayers is larger today than before the 4th tier was enacted.

And this is a policy that a majority of Minnesotans support. In a survey commissioned by the Minnesota Budget Project, Data for Progress found that:

- 67 percent of Minnesotans supported raising income taxes on high-income households;
- 67 percent of Minnesotans supported raising taxes on profitable corporations;
- 61 percent supported the state spending more money to eliminate racial inequities; and
- 72 percent supported state investments to make child care more affordable.

We also support expanding the Working Family Credit and Renters Credit, which would improve the well-being of lower-income seniors, people living with disabilities, workers, and families, and would make the tax system more equitable.

The Working Family Credit expansions would boost the incomes of lower-income workers, expand eligibility to some workers and families currently left out, and would prevent additional hardship for workers who lost jobs or wages during the pandemic. We also encourage you to consider additional Working Family Credit expansions for younger workers and families with children included in the governor's supplemental budget.

In addition to providing a needed economic boost to lower-income Minnesotans, expanding the Renters' Credit is one way the bill recognizes the long-standing shortage of affordable housing, and it is well targeted to Minnesotans who struggle to afford their housing and other basic necessities.

We can't go "back to normal" to a status quo budget that left out too many of our Minnesota neighbors. House File 991 takes important steps to meet Minnesotans' needs today and create a stronger, more equitable recovery.

Sincerely,

Nan Madden
Director
Minnesota Budget Project

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.