



May 5, 2023

Representative Dave Lislegard
451 State Office Building
St. Paul, MN 55155

Dear Representative Lislegard,

The Koochiching County Board of Commissioners is writing to both thank you for your efforts to provide greater equity in the distribution of Payment in Lieu of Taxes (PILT) and to encourage your continued advocacy for the funding and amendments to MSA Chapter 477A (PILT), as proposed in the House version: HF 1938/Omnibus Tax Bill.

Koochiching County is disproportionately dependent on PILT funding to supplement our levy due to the large acreage of public lands within our boundaries and the constricted opportunities for proportionate tax base growth when compared to other regions of the state. Most of our northern counties contain between 20% to 50% of our land base as public lands.

The 2012 Legislature recognized the fiscal imbalance created by the geographic distribution of public lands in this state by adopting an as yet unfilled purpose for the Payment in Lieu of Taxes Program:

M.S.A. Chapter 477A.10 "Natural Resources Land Payments in Lieu: Purpose: (2) to address the disproportionate impact of state land ownership on units of government with a large proportion of state land."

The House version of HF 1938/Omnibus Tax Bill acknowledges this legislative mandate by directing an additional \$9 MD in PILT aid to counties with a disproportionate share of state land. We urge your continued support and advocacy for the House version of HF 1938.

Thank you for your consideration.

Sincerely,

A handwritten signature in black ink that reads "Jason Sjoblom".

Jason Sjoblom
Koochiching County Board Chair

cc: Mitch Berggren
Patrick McQuillan

District 1
Destry Hell
4900 North River Drive
Littlefork, MN 56653
218-283-5729

District 2
Ricky Roche
371 County Road 24
Intl Falls, MN 56649
218-240-7576

District 3
Adam McIntyre
3555 Town Road 415
International Falls, MN
56649

District 4
Jason Sjoblom
115 Park Avenue
Intl Falls, MN 56649
218-283-5729

District 5
Open

May 5, 2023

Dear Members of the Taxes Conference Committee:

The undersigned organizations support taking bold action to respond to the challenges that workers, families, seniors, and people with disabilities face by **simplifying and expanding the Renters' Credit**.

All Minnesotans want safe, affordable homes for themselves and their families. But some Minnesotans earning lower wages or on fixed incomes struggle to afford both the cost of housing and other basic necessities.

Property tax refunds like the Renters' Credit help bring down one of the costs of housing. The Renters' Credit is targeted based on income and prioritizes those for whom property taxes make up a larger share of their budget. It recognizes that renters pay property taxes through their rents. It benefits Minnesotans living in every part of the state, and in Greater Minnesota especially it is an important lifeline for seniors and people living with severe disabilities.

We support the transformational changes in the Renters' Credit contained in House File 1938, the omnibus tax bill, which were also included in the 2022 tax agreement. These provisions make two changes:

- First, it changes the Renters' Credit into a refundable income tax credit. Currently, eligible renters apply for the Renters' Credit through the Property Tax Refund application, due August 15. With this proposal, qualifying renters would apply for the Renters' Credit as part of the income tax filing process.
- Second, it simplifies the definition of income for qualifying for and calculating the Renters' Credit. It would base the credit on Adjusted Gross Income (AGI), like many other tax credits and provisions of our tax law, rather than the broader and more complicated "household income" that is currently used.

This expansion would have several high-impact outcomes, including:

- Reducing barriers so that more currently eligible renters receive the property tax refund they qualify for – an estimated 119,000 renting households;
- Simplifying the process to apply for and calculate the credit;
- Providing larger property tax refunds for about half of currently eligible renters and making 36,000 more renters eligible;
- Getting refunds out to renters much sooner; and
- Maintaining the sliding-scale structure of the Renters' Credit that prioritizes those with the lowest incomes and folks whose property taxes are particularly high in relation to their incomes.

This Renters' Credit expansion would provide a needed economic boost to Minnesota renters struggling with the rising cost of housing.

It would also benefit our economy when Minnesotans spend their tax refunds in their local communities on some of the most basic expenses, whether that be toothpaste, dental care or other health care expenses not covered by insurance, or essential purchases for their children.

Thank you for your consideration of the role an expanded Renters' Credit can play in building broader economic security and a fairer tax system.

AARP Minnesota
Admin On The Go
Center for Economic Inclusion
Edina Neighbors for Affordable Housing
HOME Line
ISAIAH
Jewish Community Action
Jewish Family and Children's Service of
 Minneapolis
Legal Services Advocacy Project
Mary's Pence
MICAH- Metropolitan Interfaith Council on
 Affordable Housing
MIM (MN Immigrant Movement)

Minnesota AFL-CIO
Minnesota Asset Building Coalition
Minnesota Budget Project
Minnesota Coalition for the Homeless
MN Nurses Association
Open Access Connections
Phyllis Wheatley Community Center
Pillsbury United Communities
Prepare + Prosper
TakeAction Minnesota
Telling Queer History
Three Rivers Community Action
Voices For Racial Justice
Will Work For Recovery



May 5, 2023
Taxes Conference Committee

Dear Chair Rest, Chair Gomez and Committee Members,

On behalf of Children's Minnesota, I am writing to offer comments on HF1938/SF1811, the Omnibus Tax bill. Children's Minnesota is the state's largest pediatric health care system, serving patients from all 87 counties and 60 percent of counties in surrounding states. Nearly half of our patients are insured through Medicaid. Because of the diversity of patients we see, we understand the unique and varied challenges Minnesota children face.

There is a well-established connection between income and health, especially among families experiencing poverty. As discussions on the final tax bill continue, we respectfully urge you to consider the strongest possible Child Tax Credit. A Minnesota Child Tax Credit of \$1,080 for children under age six and \$900 for older children would reduce child poverty in Minnesota by 25 percent and bring needed support and economic stability to the children and families we serve.

We ask that a permanent, income-targeted, inclusive Minnesota Child Tax Credit meet the following design principles:

- Fully refundable
- No minimum earnings requirement to qualify for the full value of credit
- Providing a set dollar amount of credit for each child, with a larger credit amount for younger children
- Indexing the credit amount and income phase-out level annually to inflation to ensure that its effectiveness does not erode over time
- Including families with members using ITINs
- Working towards providing the credit in periodic installments

At Children's Minnesota, our vision is to be every family's essential partner in raising healthier children. As the kid experts in our community, we appreciate the opportunity to partner with you to collectively improve the health and wellbeing of kids in our state.

Sincerely,

Amanda Jansen, MPP
Director of Public Policy
Children's Minnesota



Date May 6, 2023

Dear Chairs and members,

As the President and CEO of the Women's Foundation of Minnesota, I write to urge the conference committee to include investments to support families and children. We are very supportive of the Senate's Child Tax Credit at the \$1,000 per child level and income thresholds in the Governor's bill and the Senate's expansion of the Child and Dependent Care Credit.

Far too many families live in poverty in Minnesota. Black, indigenous, and communities of color are even more likely to face poverty, and this fact is particularly true for families with a single mother as head of household. In fact, 30% of households with a single mother and two children are living below the poverty line. When we disaggregate the data, the numbers are even more stark. For a family headed by a Black single mother, 45% live in poverty, as do 51% with a single Latina mother and 62% of families with Indigenous single mothers. Childhood poverty correlates with negative long-term outcomes, so we must do all we can to alleviate the burdens of meeting basic needs to prevent expensive and dire consequences.

The Child Tax Credit is proven to reduce poverty. It will also assist in reducing the long-term consequences of children growing up without enough to eat, not having a safe place to sleep, and living without high quality health care. We urge the committee to include a standalone credit from the Senate's bill with additional investment to ensure a robust credit of \$1,000 per child to make a real difference for families across the state.

We also urge expansion of the Child and Dependent Care Credit. More than 50% of working mothers who are the primary breadwinners for their families. Of that 50%, 74% of Black mothers and 77% of Indigenous mothers need access to safe and affordable childcare. On top of that, Minnesota has the seventh highest cost in the nation for quality infant care. Expansion of the credit will help more families know their children are safe and learning while they go to work.

Thank you for investing in Minnesota's families and children in the Tax Bill.

Gloria Perez

President and CEO

Women's Foundation of Minnesota



May 5, 2023

Chair Anne Rest
Minnesota Senate Taxes Committee
328 Capitol
St. Paul, MN 55155

Chair Aisha Gomez
Minnesota House Taxes Committee
453 State Office Building
Saint Paul, MN 55155

Dear Chair Rest, Chair Gomez and Members of the Conference Committee on Taxes:

We write today to urge support for the strongest possible Child Tax Credit in the final tax agreement.

Minnesota Doctors for Health Equity (MDHEQ) is a state-wide non-profit that works to educate and activate health professionals to work toward health equity. Through our clinical work, we see the direct effects of child poverty and a lack of family economic resources in our patients' disparate disease risk and unequal health outcomes.

Providing families of young children with direct cash assistance through the CTC will lessen the burden of poverty. The effects of inflation disproportionately affect those with lower incomes because essential items like groceries make up a larger percentage of a family's discretionary income. Investment in families is an investment in the future of Minnesota.

The 2021 expansion of the child tax credit was responsible for a 40% decrease in the poverty rate in states like Minnesota. Minnesota's ability to thrive in the decades to come is predicated on ensuring our children and families are able to have what they need. Minnesota is financially equipped to make this support permanent— and they should.

The documented success of the expanded federal Child Tax Credit demonstrates the huge potential that state CTCs can have for reducing poverty and racial disparities. We look forward to continuing conversations with policymakers to advance what could truly be a transformational policy for Minnesota's children and families.

Sincerely,

Minnesota Doctors for Health Equity

1. https://www.brookings.edu/wp-content/uploads/2023/02/20230301_ES_THP_CTCbyState.pdf



6 May 2023

To: Members of the Tax Omnibus Conference Committee

Re: HF1938/SF1811 Tax Omnibus Bill

Dear Chair Rest, Chair Gomez and Members of the Conference Committee,

Homeownership Minnesota (HOM) sees a unique opportunity to invest in affordable homeownership across the state and on an ongoing basis. Homeownership Minnesota (HOM) is a coalition of organizations dedicated to the production and preservation of affordable homeownership and to preparing households for homeownership. As you reconcile the House and Senate versions of the Tax Omnibus bills, we are thankful for the opportunity to provide a written letter of support.

- **Workforce and Affordable Homeownership Development Fund:** This targets local housing needs and would support the creation of a pipeline of projects around the state, increasing workforce and affordable homeownership opportunities for low- and moderate-income households, and households of color. In total, increasing investments to the level proposed in the House would produce more than 670 affordable homeownership units.

The House's position would integrate an ongoing funding source for this program through the appropriation of the mortgage registry and deed tax. Utilizing this revenue source would create reliable funding to support ongoing investments in affordable homeownership production and narrow the state's homeownership supply deficit. We support the adoption of the House position, increasing investments to \$55 million in FY24/25 and \$15 million in FY26/27 and ongoing.

- **4d Classification for Community Land Trusts (CLTs):** Minnesota CLTs, which are all members of HOM, are incredibly appreciative of the proposed new 4d class rate bringing the effective tax rate down to .75%. Property tax reduction will be a direct benefit to the low-income households served by the CLTs in MN. We support the 4d class rate and encourage the Tax Committee to consider maintaining just one 4d class rate and include CLTs in the proposed reduction to the proposed .25% multi-family rental tax rate if passed.

With these investments, Minnesota can make tremendous steps towards economic recovery and stability while supporting generational wealth creation and closing the racial gap in homeownership, statewide. HOM coalition looks forward to continued partnership and our members are excited to deploy these resources to produce and preserve homes.

Sincerely,

Cristen Incitti, HOM Co-Chair
President & CEO, Habitat for Humanity of MN
cristen@hfhmn.org | 612.331.4439 ext. 1

Jeff Washburne, HOM Co-Chair
Executive Director, City of Lakes Community Land Trust
jeff@clclt.org | 612.594.7150



180 5th St. E. Ste. 260
St. Paul, MN 55101

651-293-1283
NFIB.com/MN
Twitter: @NFIB_MN

May 6, 2023

HF 1938 Conference Committee (Tax Omnibus Bill)

Dear Members of the Tax Omnibus Conference Committee,

The National Federation of Independent Business (NFIB) represents over 10,000 members in every corner of Minnesota. We promote and protect the right of our members to own, operate, and grow their businesses.

Unlike large, multinational corporations, most of whom remained open and many of which thrived through the pandemic, small businesses have struggled for the past three years.

Main Street continues to grapple with the effects of inflation, worker shortages, and supply disruptions, and many small businesses have not fully recovered from the pandemic. According to the most recent NFIB small business recovery data:

- *Staffing Challenges*
 - 68% of small businesses are experiencing a staffing shortage
 - 91% report few or no qualified applicants for open positions
 - 78% are losing sales due to staffing challenges
- *Supply Chain Disruptions*
 - 94% of small businesses are impacted by supply disruptions
 - 78% are losing sales due to supply disruptions
 - 74% reported that supply issues are the same or worse than six months ago
- *Post-Pandemic Recovery*
 - 65% report sales below pre-pandemic levels
 - 55% don't expect their local economy to normalize until late 2023, 2024 or later

Many of the tax increases under consideration in this conference committee will fall hardest on small businesses. And they would come on top of a slew of expensive and complicated new mandates, including the \$1.5 Billion Paid Family and Medical payroll tax.

NFIB Minnesota strongly opposes the following proposals:

Capital Gains Surcharge (*Governor's Proposal*). Imposing a 11.35% to 13.85% tax rate on long term capital gains will discourage investment and have the biggest negative impact on small business owners, family farms, and others with the greatest attachment to Minnesota.

Small business owners and family farmers pour their lives and livelihoods into their businesses. They rely on the sale of property or portions of their business to finance continued improvements, expansion, and – in many cases – their retirement.

Unlike institutional investors or big businesses, most small business and family farm capital is physically present in Minnesota. While others can strategize to avoid the tax consequences from what would be the highest capital gains tax rate in the country, small businesses and family farms have limited or no ability to do the same.

A higher capital gains rate in Minnesota does nothing to fix what some see as a disparity in the federal treatment of investment income and wage or salary income. When Minnesota is already a high tax outlier, this surcharge is simply biting your nose to spite your face.

5th Tier Income Tax Rate (*HF 1983, House Art. 1, Sec. 27*). In an era of increasing mobility for workers and employers, a 10.85% top income tax rate will end up taking Minnesota backward.

Our state's business community is largely comprised of small employers that are organized as pass through entities and pay taxes as individuals. Tens of thousands of small employers with fewer than 100 employees that are organized as pass through entities could be impacted by this tax. Those small businesses represent 77% of all employers in the state.

A 10.85% top tax rate will impair the ability of small businesses to invest in and grow their businesses here in Minnesota. With a structural budget surplus in the billions, punishing small businesses with higher taxes is counterproductive for the state's long-term growth and for local communities that rely on the steady, good-paying jobs that small employers provide.

Minnesota's individual income tax system is already among the most progressive in the nation, with pass through businesses and higher income earners paying both a higher rate and a higher share of income taxes than most other states.¹ Minnesota ranks in the top five states with the highest individual income tax burden for those at the levels targeted in this bill. No neighboring states rank in the top 10.

NFIB Minnesota supports the inclusion of pass-through entity tax changes that will enable more small businesses to reduce their federal tax burden at no cost to the state.

Tax burden and rates are key factors for small business owners looking to start or expand in a state. At a time when Minnesota small businesses face a slew of new taxes, fees, and mandates, we urge lawmakers to avoid making our tax system even less competitive with other states.

Sincerely,



John L. Reynolds
Minnesota State Director
National Federation of Independent Business
john.reynolds@nfib.org

¹ Minnesota Center for Fiscal Excellence, "Comparison of Individual Income Tax Burdens by State," May 2021.



May 3, 2023

Honorable House Tax Chair Aisha Gomez
100 Rev. Dr. Martin Luther King Jr. Blvd.
453 State Office Building
St. Paul, MN 55155

Honorable Senate Tax Chair Ann Rest
75 Rev. Dr. Martin Luther King Jr. Blvd.
Capitol, Room 328
St. Paul, MN 55155

RE: Support of S.F. 1811 to Bring 1% Sales Tax Increase to Saint Paul Voters

Dear Chair Gomez, Chair Rest, and Conference Committee Members:

I am writing to inform you that at the May 3, 2023 Saint Paul Business Review Council (BRC) meeting members unanimously voted to support S.F. 1811 to bring the 1% local sales tax increase to St. Paul voters. BRC members recognize and acknowledge that the current disrepair of the city's street infrastructure, and the deferred maintenance in our city's park and recreation centers have direct negative impacts on the quality of life for our residents, businesses, and visitors.

BRC Members expressed strong support for increased Local Government Aid (LGA), and that LGA be part of continuing efforts for state resources to invest in our Capitol City's infrastructure. However, we also understand that short of raising the property tax levy, at this time, there may be no better funding sources that are sufficient or sustainable enough to fund the required investments to bring our city's streets and park systems to suitable conditions over the next 20 years.

The BRC expressed concerns about the implementation of the sales tax, but understands the need to allow the city and community to enter conversation with the following considerations:

- The impact of the sales tax and how it affects local businesses, property owners and future property tax increases.
- A priority for intentionally contracting Saint Paul-owned business, with special focus on BIPOC businesses that can perform the work for these sales-tax funded infrastructure projects.
- Continuous effort to include the BRC in conversation, community outreach, and solutions generation.

We appreciate your time and attention to this matter and thank you in advance for fostering a business-friendly Saint Paul. Please feel free to contact myself or our co-chair R. Lynn Pingol should you have any questions regarding this BRC action.

Sincerely,

Tonya K. Bauer, Chair



SAINT PAUL
SAFETY & INSPECTIONS

DEPARTMENT OF SAFETY & INSPECTIONS
ANGIE WIESE, DIRECTOR

375 Jackson Street, Suite 220
Saint Paul, MN 55101-1806
Tel: 651-266-8953 | Fax: 651-266-9124

Saint Paul Business Review Council

cc: R Lynn Pingol, Co-Chairperson, Saint Paul Business Review Council
Angie Wiese, Director, Department of Safety and Inspection
BRC File



BELTRAMI COUNTY
BOARD OF COMMISSIONERS
701 Minnesota Ave NW Suite 200, Bemidji, MN 56601
Richard Anderson, Board Chair
Telephone: 218-333-8478

May 5, 2023

To: Members of the Omnibus Tax Bill Conference Committee
Re: Support for Beltrami County LST and Sales Tax Exemption Requests

Dear Senators and Representatives,

Thank you all for serving on this critically important Committee. The Beltrami County Jail is badly in need of replacement. Currently, the design, age and size of the jail is inadequate and poses many challenges in the safe and efficient operation of the facility. Increases in population, Minnesota Department of Correction's (DOC) regulatory changes, and the need for expanded programming areas to reduce recidivism have also contributed to the need for a new facility.

Therefore, we respectfully request your support of Beltrami County's Sales Tax Exemption on Construction Materials and our Local Sales Tax Authorization Request, both contained in the Senate Omnibus Tax Bill.

For the past several years Beltrami County has been working with staff from the National Institute of Corrections, MN DOC staff, consultants, stakeholders, tribal leaders, the judiciary, and our citizens and business owners in studying and evaluating the various options for replacing our County Jail. After extensive public consultation, town hall meetings, and surveying our community, 68% of our survey respondents support building a new County Jail. Resultantly, in November of last year, our County Board committed to building a new 242-bed facility. However, the financial lift will be enormous for our community. Beltrami County is the second poorest county in the State with a poverty rate near 20% and our service area is vast (over 3,000 square miles) while our tax base is small (only 1/3 of properties are taxable). And we will need a new revenue source to cover this cost.

After hearing that 65% of survey respondents would likely or very likely support a new sales tax (with another 14% undecided), the County Board would like to offer a local sales tax as the preferred funding source. A Sales Tax would be more sensitive to our lower- and moderate-income households because it provides exemptions on staple goods like food and clothing, purchases which represent a greater percentage of spending in low to moderate income households. By engaging with a myriad of stakeholders and incorporating the sentiments of our citizens, we believe we have identified a good path forward. We simply ask for your support of these requests so that we can provide a safer and more efficient facility for our community. On behalf of the Beltrami County Board of Commissioners, we thank you for your time, service and support.

Respectfully,

Richard Anderson
County Board Chair

Attachments: Beltrami County Jail Project FAQ

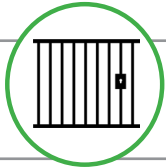
Cc: Beltrami County Board of Commissioners Joe Gould, John Carlson, Craig Gaasvig, Tim Sumner
Tom Barry, Beltrami County Administrator

Frequently Asked Questions



Local Option Sales Tax Proposed to Support Beltrami County Jail Project

County leaders encourage all residents to learn more about the proposed options to pay for the Beltrami County Jail project. Below are some common questions about the Jail Project, its costs, and potential sources of funding.



Why does the County need a new jail?

The Beltrami County Jail was constructed in 1989 and has undergone numerous upgrades and expansions over the years. Currently, the design, age and size of the jail is inadequate and poses many challenges in the safe and efficient operation of the facility. Increases in population and Minnesota Department of Correction's (DOC) regulatory changes have also contributed to the need for a new facility.

Minnesota Department of Corrections regulatory changes including a new classification system for inmates as well as modifications to staffing ratios have also reduced the County's jail bed capacity by nearly 80 beds over the past 7 years. This has required the County to house inmates at other facilities at exceptional cost. In fact, the increased annual expenditures of housing inmates out of County and transporting them has added over a million dollars to the budget alone in 2023 – requiring an increase in the property tax levy by nearly 4% over last year.



How will the County pay for a new jail?

The County is vigorously pursuing many funding options to finance construction of a new jail including:

1. State appropriation for all or part of the \$80 million cost
2. State bonding for the project
3. Requesting financial assistance from the Federal Government
4. Approval to ask county voters to approve a new 0.625% dedicated local sales tax
5. As a last resort, an increase in property taxes



What's the difference between a sales tax and a property tax?

Property Tax is an annual tax, which is based on the current value of the property of local homeowners and businesses. Only those who own or rent property within the County pay property taxes. 100% of the funding for the new jail would come from residents under this financing option.

Sales Tax is a one-time, transactional tax, which is collected at the point of sale when people are purchasing certain goods within Beltrami County. This tax is collected from both residents and non-residents/visitors to Beltrami County.

50% of the funding for the new jail would come from non-residents under the sales tax financing option, reducing the financial burden on residents.

About 40% of inmates housed at the jail are non-residents.



How do we know that 50% of the funding of the new jail would come from non-residents in a sales tax?

The University of Minnesota Extension Service provided a research-based analysis to community leaders on the impact of implementing a sales tax increase. This study used retail trade data – considering taxable sales and potential sales – to estimate the tax revenue from residents and non-residents. Their findings state that at least 50% of all taxable sales would be made by non-residents.

You can find the Report here: <https://www.co.beltrami.mn.us/Departments/Law%20enforcement/Resources/Jail%20Project/UofM%20LOST%20study.pdf>

Frequently Asked Questions

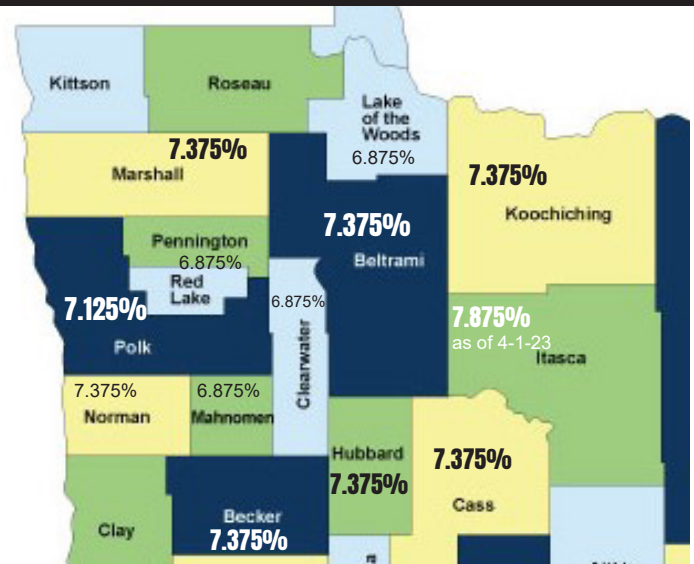


Local Option Sales Tax Proposed to Support Beltrami County Jail Project



What are other sales tax rates for nearby counties?

Several surrounding Counties have implemented sales tax increases over the years - see map at right for current rates.



What impact would a sales tax to fund the new jail have on me?

A sales tax is only applied at the time of purchase. Additionally, the sales tax would be limited in scope and does not apply to all things. There is currently no sales tax charged in Minnesota on many items. (see <https://www.revenue.state.mn.us/guide/nontaxable-sales>). Therefore, these items would not be impacted by an increase in the local sales tax. **In Minnesota clothing, groceries, automobiles, and general services/labor costs are NOT taxed.**

Because these items are staples for most households, a sales tax tends to have less of an impact on low to moderate income households.

The County has estimated that the 0.625% sales tax needed to finance the new jail would add an additional 50 cents to every \$80 of eligible sales tax purchases.



What is the impact from a property tax increase to fund a jail?

This is the County's least-favored option to finance the new jail.

Financing the new jail facility with property taxes will cause the property tax levy to increase by as much as 21%. The levy would need to remain at that level until all bond payments were satisfied which is estimated to be about 30 years.

Financing the jail project with property taxes will place the full financial burden on local property owners, despite the fact that about 40% of those housed in the jail are non-residents of the County.



What feedback have you received from citizens on the LOST?

In a survey conducted by Beltrami County in late 2022, we asked residents, "How likely would you support a LOST to fund a jail project which would reduce the criminal justice system property tax burden".

64.7% of the 408 respondents replied Very Likely or Likely in support of a LOST

Survey results can be found here: <https://www.co.beltrami.mn.us/Departments/Law%20enforcement/Resources/Jail%20Project/Final%20Survey%20Results.pdf>



May 4, 2022

To: Senator Rest, Representative Gomez, and members of the 2023 Taxes Conference Committee

RE: [HF 1938 \(Gomez\)](#)/[SF 1811 \(Rest\)](#) Omnibus Tax Provisions

Dear Conference Committee Members,

On behalf of the nineteen suburban cities comprising the Municipal Legislative Commission (MLC), we want to thank you for your work on the Omnibus Tax Bill [HF 1938 \(Gomez\)](#)/[SF 1811 \(Rest\)](#). One of MLC's primary initiatives is to promote stable and predictable tax policies while supporting local control. We hope to continue this crucial partnership between local governments and the State. As you deliberate provisions within the bill, we ask that you consider MLC's thoughtfully developed positions on the following items:

Direct Property Tax Relief through the Homestead Refund and Renters' Credit: MLC supports providing direct property tax relief to homeowners and renters. MLC Cities do not receive LGA so direct property tax relief helps reduce the tax burden on seniors, renters and low-income Minnesotans living in our cities. Both the House and Senate include some enhancements to property tax relief programs. We urge the Conference Committee to include significant property tax relief in the final agreement such as:

- Increase Homestead and Renters Credits for all claimants and reduce copay percentages
- Homestead Market Value Exclusion – Increase value thresholds and maximum exclusion amount
- Targeting Property Tax Refund – Increase additional targeting refunds for homeowners who experience large year after year property tax increases
- Renters Credit – Convert renters' credit into a refundable income tax credit
- MLC does not take a position on the level of funding to the LGA program, however, would ask the committee to look closely at whether including an annual inflation adjustment is of sound fiscal policy.

Tax Increment Financing: MLC supports updating and modifying the current Tax Increment Financing statute, including:

- Clarifying rules on use of administrative expenses
- Clarifying rules on pooling and decertification; and
- Granting special authorization legislation for Shakopee, Woodbury, Plymouth, Bloomington, and Savage

Local Option Sales Tax: MLC supports the cities' ability to impose a local option sales tax if they so choose.

Public Safety Aid: MLC supports the establishment of a program to distribute \$300 million of one-time public safety aid to local units of government

Construction Sales Tax Exemption: Along with cities, counties, school districts, non-profits, municipal utilities, labor and contractors, MLC supports a permanent general law change to simplify the process by which local governments and nonprofits receive the sales tax exemption on construction material purchases. If a permanent solution is not possible this session, the MLC would support the House provision authorizing a temporary sales tax exemption.

Again, we thank you for your continual service and commitment to your constituents and all Minnesotans. We look forward to working with you as a final tax agreement is assembled.

Respectfully,



Jim Hovland,
Chair, MLC
Mayor, City of Edina

On behalf of MLC Member Cities:

- | | |
|---------------------|-------------|
| Apple Valley | Maple Grove |
| Bloomington | Mnettonka |
| Burnsville | Plymouth |
| Chanhasen | Prior Lake |
| Eagan | Rosemount |
| Eden Prairie | Savage |
| Edina | Shakopee |
| Golden Valley | Shoreview |
| Inver Grove Heights | Woodbury |
| Lakeville | |



May 5, 2023

Chair Ann Rest
Minnesota Senate Taxes Committee
328 Capitol
St. Paul, MN 55155

Chair Aisha Gomez
Minnesota House Taxes Committee
453 State Office Building
Saint Paul, MN 55155

Dear Chair Rest, Chair Gomez, and members of the Taxes Conference Committee:

The projected state budget surplus represents a historic opportunity to build toward a future in which all Minnesotans are healthy, safe, and financially secure.

We thank you for using this moment to propose transformational tax policy changes that create a more equitable tax system, fight child poverty, improve Minnesotans' economic well-being, and raise revenues needed to maintain crucial investments in public services and state tax policy after the short-term surplus bubble has ended.

Thank you for the opportunity to lift up those provisions that we believe would make the strongest progress toward those goals and ensure the broadest number of Minnesotans have more resources to succeed in the workforce and in their roles as parents, caregivers, and members of their communities.

We strongly support the creation of a **Child Tax Credit**, building on the remarkable success of the federal expanded Child Tax Credit in reducing child poverty and improving family economic security, especially among the lowest-income children, children of color, and children living in rural areas. We greatly appreciate that Governor Walz, the House, and Senate have advanced very substantial Child Tax Credit proposals that match many of the design principles we have advocated for this session, including being income-targeted, fully refundable, and inclusive of ITIN filers and the lowest-income families.

The Minnesota Budget Project prefers **the House proposal for a Child and Working Family Tax Credit** rather than the Senate approach. The strengths of the House proposal include that it: has the greatest impact on reducing child poverty; is available to all eligible Minnesota children, rather than being limited to three children per family; and does not have a sunset. Because the House proposal integrates a Child Tax Credit into the Working Family Credit, it tends to have a stronger impact for families who are disadvantaged under the current Working Family Credit structure - particularly larger families and extremely low-income families - and creates a more harmonious overall tax structure.

We also support the House's language allowing the **Department of Revenue to work toward providing the Child Tax Credit through periodic payments**, instead of once a year. It is important that this language is permissive instead of requiring immediate implementation. Annual tax credits are generally not considered as income or assets when determining eligibility for public services, but that may not hold true for periodic payments. More policy work is needed, including at the federal level, to ensure that receiving periodic payments of state tax credits does not harm families' access to other essential supports.

We strongly support the House's proposal to **expand the Working Family Credit for workers without dependent children**, which we urge be included in the bill regardless of which approach you take toward structuring the Child Tax Credit. The House would end arbitrary age restrictions so that the credit would become available to workers aged 18 and 65 and older, and increase the credit amount and income limits to qualify. Similar to families with children, under ARPA workers without dependent children saw a long-overdue increase in the federal Earned Income Tax Credit (EITC) for which they qualify, addressing the fact these very low-income workers are the only population that falls into poverty or deeper into poverty as a result of the federal tax code. And like the federal expanded CTC, these EITC improvements were also temporary and have expired. Minnesota has been a leader in the past number of years in taking steps to make our state EITC, the Working Family Credit, more equitable to these Minnesotans, and we ask you to build on those prior incremental steps.

We greatly appreciate that both House and Senate bills **end arbitrary barriers keeping Minnesotans who file their taxes using Individual Taxpayer Identification Numbers (ITINs)** from claiming homestead status on their homes and qualifying for the Working Family Credit. These are essential steps to create a more equitable tax system, and recognizes that these Minnesotans play essential roles in every part of the state, strengthening our economy and the vibrancy of our communities.

We strongly urge inclusion of Renters' Credit expansion, which is included in the House omnibus tax bill and was part of the 2022 tax agreement. By refunding a portion of the property taxes that renters have paid through their rents, the Renters' Credit brings down one of the costs of housing. It is targeted to folks who struggle to afford both rent and other basic necessities, and in Greater Minnesota particularly, it is an especially important support for seniors and people with disabilities.

Converting the Renters' Credit so it would be part of the income tax filing process would dramatically increase the participation rate. An estimated nearly 120,000 Minnesota households would begin receiving the Renters' Credit – these are Minnesotans who already qualify but face barriers to applying.

In addition, these dollars would get into renters' pockets sooner, rather than in the late summer or fall. This proposal is a good fit for a large one-time surplus, since there is a larger one-time cost in the first year reflecting that timing shift.

In addition, simplifying the income definition used to qualify for and calculate the Renters' Credit, changing from the complex "household income" to more common Adjusted Gross Income (AGI), makes it simpler for Minnesotans to apply for and for the Department of Revenue to administer.

These game-changing outcomes would occur while maintaining the sliding-scale structure of the Renters' Credit that prioritizes lower-income Minnesotans and folks whose property taxes are particularly high in relation to their incomes.

We also thank both House and Senate for **including revenue-raising provisions in your tax bills** focusing on those with the greatest resources. These are needed to sustainably support essential public services and the transformational tax policies included in your bills into the future. The majority of the FY 2024-25 projected surplus is one-time money, and it is critical that Minnesota's state budget meaningfully addresses long-standing areas of disparities and disinvestment to build a state where everyone can thrive.

We appreciate that both bills **continue to take a targeted approach to taxation of Social Security benefits**. We have long opposed adopting an unlimited Social Security exemption, as more than half of the benefits would go to the highest-income Minnesotans, who would receive the largest tax cuts simply because Social Security is one of their income sources. We ask you to include the more targeted House version in the final conference report.

We also support the following provisions that would make the tax system work better for Minnesotans:

- Making long-overdue updates and simplification of the **K-12 education credit**.
- Including **an application option for one-time payments or rebates** that may be included in the tax bill. Minnesotans who meet income and other requirements should not be excluded simply because in a prior year they were not required to file an income tax return or did not file for a property tax refund.
- Creation of a **simplified filing mechanism** and **funding outreach and tax preparation** – these two policies are important to ensure that Minnesotans are able to successfully interact with the tax system, and are especially important for those who face the greatest barriers.
- Ending the \$50 fee for those who enter into payment plan agreements with the Department of Revenue.
- Providing access to the newborn credit portion of the Child & Dependent Care Credit regardless of marriage status (House provision).

You have the opportunity to put together an omnibus tax bill that makes strong investments in children and families as well as in everyday workers and renters, and that removes arbitrary barriers and inequities across the tax code based on age, filing status, number of children, or the kind of identification number used to interact with the tax system. Please contact me at

nmadden@mnbudgetproject.org or 651-757-3084 if I can provide additional information that would be helpful to you as you complete your work.

Sincerely,

A handwritten signature in black ink that reads "Nan Madden". The signature is fluid and cursive, with a long horizontal stroke at the end.

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.



May 5, 2023

Dear Chair Rest, Chair Gomez, and Members of the Taxes Conference Committee:

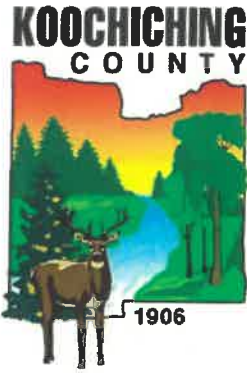
We, the Minnesota Fire Association Coalition (MNFAC) which is made up of the Minnesota State Fire Chiefs Association, the Minnesota State Fire Department Association, the Minnesota Chapter of the International Association of Arson Investigators, and the Fire Marshals Association of Minnesota would like to thank you for including the Department of Revenue's Fire and Police State Aid language in both the House (Article 14) and Senate (Article 15) tax bills.

We appreciate the time the Department of Revenue has spent working on this language with stakeholders and we urge the Conference Committee to adopt the language in its entirety.

Thank you for your time and consideration.

Sincerely,

Chief BJ Jungmann
Legislative Chair, MNFAC



May 5, 2023

Senator Grant Hauschild
3111 Minnesota Senate Building
St. Paul, MN 55155

Dear Senator Hauschild,

The Koochiching County Board of Commissioners is writing to both thank you for your efforts to provide greater equity in the distribution of Payment in Lieu of Taxes (PILT) and to encourage your continued advocacy for the funding and amendments to MSA Chapter 477A (PILT), as proposed in the House version: HF 1938/Omnibus Tax Bill.

Koochiching County is disproportionately dependent on PILT funding to supplement our levy due to the large acreage of public lands within our boundaries and the constricted opportunities for proportionate tax base growth when compared to other regions of the state. Most of our northern counties contain between 20% to 50% of our land base as public lands.

The 2012 Legislature recognized the fiscal imbalance created by the geographic distribution of public lands in this state by adopting an as yet unfilled purpose for the Payment in Lieu of Taxes Program:

M.S.A. Chapter 477A.10 "Natural Resources Land Payments in Lieu: Purpose: (2) to address the disproportionate impact of state land ownership on units of government with a large proportion of state land."

The House version of HF 1938/Omnibus Tax Bill acknowledges this legislative mandate by directing an additional \$9 MD in PILT aid to counties with a disproportionate share of state land. We urge your continued support and advocacy for the House version of HF 1938.

Thank you for your consideration.

Sincerely,

A handwritten signature in black ink that reads "Jason Sjoblom".

Jason Sjoblom
Koochiching County Board Chair

cc: Mitch Berggren
Patrick McQuillan

District 1
Destry Hell
4900 North River Drive
Littlefork, MN 56653
218-283-5729

District 2
Ricky Roche
371 County Road 24
Intl Falls, MN 56649
218-240-7576

District 3
Adam McIntyre
3555 Town Road 415
International Falls, MN
56649

District 4
Jason Sjoblom
115 Park Avenue
Intl Falls, MN 56649
218-283-5729

District 5
Open



May 6, 2023

Dear Tax Conferees,

On behalf of the Minnesota Child Care Association (MCCA) I would like to offer our enthusiasm for the Child and Dependent Care Credit (CDCTC, or Great Start) expansions proposed in SF1811 and the Governor's budget.

Minnesota's child care crisis is well-documented. While there are several critical child care-related proposals before the legislature right now (including increased investment and policy reform for the Child Care Assistance Program and Early Learning Scholarships, and the creation of Child Care Retention Payments to support early educator compensation), it is the CDCTC expansion that could offer the most to middle-class families struggling with child care expenses. It is no stretch to say that these families need the help, with child care costs easily topping \$30,000/year for families with more than one child. One needs to be fairly wealthy before child care isn't a significant financial concern, and one that leads families to decide whether or not they will participate in the workforce.

Minnesota's current CDCTC is inadequate to address these needs, and is overdue for an update that recognizes the significant expenses families face in the first 5 years of a child's life. Both the Senate and Governor's proposals offer expanded tax relief for families with children in this age group. While differences remain in the income-eligibility phase out levels, both proposals would be a tremendous step forward from current CDCTC income limits, which are squarely aimed at lower-income families and phase out well below state median income adjusted for family size.

We cannot solve the child care crisis by investing in programs for low income families alone, though we have always championed prioritizing funding for this group. To that end we are also pleased to see versions of a Child Tax Credit in SF1811, HF1938, and the Governor's budget and look forward to this powerful tool for child poverty reduction becoming reality for low-income Minnesota families. The time has arrived to do more, however. Please also make significant movement on the CDCTC in support of middle class families with young children – an investment in our workforce, our children's education, and family economic stability.

Thank you for all of your work.

Sincerely,

Clare Sanford
MCCA Government Relations Chair



May 6th, 2023

Chair Rest, Chair Gomez and Members of the Taxes Conference Committee:

Thank you for the opportunity to provide comments on behalf of the Minnesota Business Partnership (MBP) regarding HF 1938. The MBP is comprised of more than 100 CEOs and top executives from the state's largest companies, collectively employing 500,000 Minnesotans. Today I will be focusing my comments on worldwide combined reporting and the addition of the 5th tier personal income tax rate.

Minnesota is home to a diverse economy with many Fortune 500 companies that compete globally. Our corporate community is invested in the success of Minnesota, contributing over 50% of all philanthropic giving that occurs in this state. Minnesota's largest employers find success both nationally and internationally despite the most unfriendly tax climate in the nation.

Currently, Minnesota's top **individual income tax rate is the 6th highest in the nation** and our **corporate tax rate is 2nd**. If HF 1938 becomes law, it would propel Minnesota to the 4th highest income tax rate in the nation behind only California, Hawaii and New York while we'd lead the nation with the highest corporate tax rate. This would seriously harm Minnesota's competitiveness, discourage investment in the state, and further solidify Minnesota's reputation for having a hostile tax climate – all while the state is sitting on an historic \$17.6 billion surplus, \$5.5 billion of that ongoing.

Worldwide Combined Reporting

Minnesota has a long history of primarily only taxing income earned within the United States, taking a waters edge approach. Worldwide combined reporting offers a significant departure from Minnesota and other states tax policies and would result in large tax increases on many Minnesota-based companies. Due to the extreme complexity of mandatory worldwide reporting, it could result in double taxation of some business income.

Minnesota should be working to encourage exports and expansion into global markets, not penalizing that expansion. When Minnesota companies expand globally, it creates high paying jobs here at home.

Taxing foreign income at the state level puts Minnesota at a serious competitive disadvantage with other states and foreign countries. Requiring worldwide combined reporting would make Minnesota an extreme outlier. Not only will we have the highest corporate tax in the country, **no other state or country in the world makes worldwide reporting mandatory.**

5th Tier Personal Income Tax Rate

Looking outside of Minnesota, policymakers in other states are reducing their personal income taxes. Last year, 11 states enacted personal income tax reductions. The year prior, another 13 states enacted reductions. Our neighbor, Iowa, reduced their taxable brackets from nine to four and lowered their top tax rate from 8.53% to 6%.

In a world where businesses and employees are more mobile than ever, Minnesota cannot afford to be a national and international outlier on taxes.

The Partnership and its members urge you to reject tax changes that harm Minnesota businesses and their employees and make Minnesota an even more challenging place to do business.

Thank you,

Gavin Hanson
Fiscal and Economic Policy Director
Minnesota Business Partnership

GROWING MINNESOTA'S FUTURE

80 S EIGHTH STREET • IDS CENTER • MINNEAPOLIS MINNESOTA 55402
T 612 370 0840 @BIZPARTNERSHIP MNBP.COM

May 5, 2023

Chair Ann Rest
Minnesota Senate Taxes Committee
328 Capitol
St. Paul, MN 55155

Chair Aisha Gomez
Minnesota House Taxes Committee
453 State Office Building
Saint Paul, MN 55155

Dear Chair Rest, Chair Gomez and Members of the Conference Committee on Taxes:

Thank you for your recognition of the urgent need to address family affordability in Minnesota by prioritizing a Child Tax Credit in both the House and Senate tax packages. On behalf of Children's HealthWatch, a network of pediatricians, public health researchers, and policy and child health experts, **we write in strong support of a permanent, inclusive Child Tax Credit that prioritizes families with low incomes.**

[Children's HealthWatch](http://www.childrenshealthwatch.org) seeks to achieve health equity for young children and their families by advancing research to transform policy. We accomplish this mission by interviewing caregivers of young children on the frontlines of pediatric care in urban emergency departments and primary care clinics in four cities, including Minneapolis at Hennepin Healthcare. Since 1998, we have interviewed over 15,000 caregivers in Minnesota and analyzed data from those interviews to determine the impact of public policies on the health and development of young children across the state.

We are deeply appreciative that the Governor, House, and Senate agree that a Minnesota Child Tax Credit must be fully refundable, inclusive of immigrants who file taxes with an Individual Tax Identification Number (ITIN), and available to children of all ages. In its reconciliation of the differences between the three proposals, **Children's HealthWatch urges the Committee to include in its final conferenced bill the following components:**

- Sustained tax equity for families with children by passing a **permanent CTC**, *as contained in the House proposal.*
- Inclusive of **all children** by extending eligibility to children with ITINs, *as contained in the House proposal.*
- Support for **families of all sizes**, *as contained in the House proposal.*
- The opportunity for the Department of Revenue to distribute the credit to families in **advance monthly payments**, *as contained in the House proposal.*

As pediatricians and child health experts, we understand the harmful health consequences of financial instability, as well as the critical role of government policies in stabilizing families, improving health, and promoting racial health equity. Our research and that of others demonstrate the importance of meeting

basic needs in order for families to thrive, including healthy food, stable homes, health care, and child care. Even brief periods of deprivation can have long-term consequences, leading to poor child health and development, poor parental physical and mental health, and increased rates of hospitalization among children.^{1,2,3}

Research from Children's HealthWatch found that the 2021 expanded federal Child Tax Credit helped families catch up on rent and improved caregiver's health.⁴ This is consistent with significant research over the past year demonstrating that the fully refundable and inclusive federal Child Tax Credit expansion helped families meet basic needs, eat a healthier diet, and supported child and caregiver mental and physical health.⁵ The expanded federal Child Tax Credit has also been associated with historic reductions in child poverty. By passing the strongest possible Child Tax Credit, Minnesota has the opportunity to extend these health and economic impacts at the state level. Thus, a robust and inclusive Child Tax Credit in Minnesota is an evidence-based approach to support the health and financial stability of caregivers and their children by putting money back into their pockets.

Thank you in advance for your consideration and urgency to deliver relief to families across Minnesota.

Sincerely,



Diana Becker Cutts, MD
Co-Lead Principal Investigator, Children's HealthWatch
Minneapolis, MN



Stephanie Ettinger de Cuba, PhD, MPH
Executive Director, Children's HealthWatch
Boston, MA

¹ Drennen CR, Coleman SM, de Cuba SE, Frank DA, Chilton M, Cook JT, Cutts DB, Heeren T, Casey PH, Black MM. Food insecurity, health, and development in children under age four years. *Pediatrics*. 2019;144(4).

² Sandel M, Sheward R, Ettinger de Cuba S, et al. Unstable housing and caregiver and child health in renter families. *Pediatrics*. 2018;141(2):e20172199.

³ Cook JT, Frank DA, Casey PH, et al. A brief indicator of household energy security: associations with food security, child health, and child development in US infants and toddlers. *Pediatrics*. 2008;122(4):e867–e875.

⁴ Bovell-Ammon A. et al. 'I didn't have to worry': How the Child Tax Credit helped families catch up on rent and improved health. 2022. Available at <https://childrenshealthwatch.org/wp-content/uploads/CTC-Report-Aug-2022-Final.pdf>

⁵ Center on Poverty & Social Policy at Columbia University. Publications Archive: Child Tax Credit. Updated 2023. Available at <https://www.povertycenter.columbia.edu/child-tax-credit-archive>



5 May 2023

To: Members of the Tax Omnibus Conference Committee

Re: HF1938/SF1811 Tax Omnibus Bill – *Workforce and Affordable Homeownership Development Fund*

Dear Chair Rest, Chair Gomez and Members of the Conference Committee,

Homeownership Minnesota (HOM) sees a unique opportunity to invest in affordable homeownership across the state and on an ongoing basis. Homeownership Minnesota (HOM) is a coalition of organizations dedicated to the production and preservation of affordable homeownership and to preparing households for homeownership. As you reconcile the House and Senate versions of the Tax Omnibus bills, we are thankful for the opportunity to provide a written letter of support.

The **Workforce and Affordable Homeownership Development Fund** targets local housing needs and would support the creation of a pipeline of projects around the state, increasing workforce and affordable homeownership opportunities for low- and moderate-income households, and households of color. In total, increasing investments to the level proposed in the House would produce more than 670 affordable homeownership units.

The House's position would integrate an ongoing funding source for this program through the appropriation of the mortgage registry and deed tax. Utilizing this revenue source would create reliable funding to support ongoing investments in affordable homeownership production and narrow the state's homeownership supply deficit. **We support the adoption of the House position, increasing investments to \$55 million in FY24/25 and \$15 million in FY26/27 and ongoing.**

While the program has historically been underfunded, we have seen the potential impact it can have in our communities. Using these funds, Lakes Area Habitat for Humanity in Brainerd (which serves Crow Wing, Cass, Wadena, and Hubbard Counties) is partnering with the Leech Lake Band of Ojibwe to create affordable owner-occupied homes. Just one example of these investments providing development resources to meet local needs.

With this investment, Minnesota can make tremendous steps towards economic recovery and stability while supporting generational wealth creation and closing the racial gap in homeownership, statewide. HOM coalition looks forward to continued partnership and our members are excited to deploy these resources to produce and preserve homes.

Sincerely,

Cristen Incitti, HOM Co-Chair
President & CEO, Habitat for Humanity of MN
cristen@hfhmn.org | 612.331.4439 ext. 1

Jeff Washburne, HOM Co-Chair
Executive Director, City of Lakes Community Land Trust
jeff@clclt.org | 612.594.7150