



February 25th, 2025

Representative Greg Davids
Second Floor, Centennial Office Building
St. Paul, MN 55155

Chair Davids and House Taxes Committee Members:

We Make Minnesota is a coalition of labor and community groups united in support of a just and equitable state tax code. Our members include the teachers, care workers, administrators, and laborers that keep our state running. We are writing to state our opposition to HF 5, which would cut dedicated transportation funding and weaken the general fund by exempting all Social Security benefits from Minnesota state income taxes.

At over \$800 million in the 2026-27 biennium, full exemption of Social Security benefits would cripple our state budget at an already challenging moment of demographic change. As our population ages, our public investment needs are becoming more difficult to fund. That includes healthcare, transportation, and other basic supports that seniors depend on. Analysis by House Research shows that a full exemption would benefit exclusively the highest-earning retirees, with more than one-third of the total value going to those earning more than \$200,000 per year. Exempting the income of top earners will make it harder for Minnesota to meet these needs, and will push the burden onto working families through lost services and higher property taxes.

We are also greatly concerned about cuts to dedicated transportation funding that would come from de-indexing the gas tax and repealing the delivery fee. These revenues are essential for maintaining the road and transportation infrastructure that connects Minnesotans and sustains a strong economy. If these funds are cut, Minnesotans will feel the burden in the form of increased local taxes as well as rapidly deteriorating road and transit quality.

We urge the committee to reject this proposal.

Sincerely,

Eric H Bernstein

Eric Harris Bernstein, Coalition Director

