



March 16, 2023

RE: HF 2256 (Davids) Pass-through entity modifications

Chair Gomez and Members of the House Tax Committee,

We thank Rep. Davids for authoring HF 2256 and for the opportunity to submit written testimony. We urge your support of this bill to provide needed fixes as identified by tax practitioners for the pass-through entity (PTE) tax law enacted two years ago. This fix will allow more Minnesota business taxpayers to be able to utilize this option in order to lower their federal tax burdens.

Many taxpayers are utilizing this new PTE option to pay their Minnesota business income taxes at the entity level. This is great news as many Minnesota taxpayers are benefiting from the law passed on a bi-partisan basis to help reduce federal tax burdens and to help improve Minnesota's competitiveness. Many other states have also implemented similar provisions in response to the federal law imposing a \$10,000 cap for taxpayers to be able to deduct state and local taxes (SALT) on their federal tax bill.

We urge the inclusions of this provision in the omnibus tax bill as it creates a win-win with lower tax burdens for Minnesota taxpayers without an impact on state revenues.

Sincerely,

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

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