

100%

100% Campaign
705 Raymond Ave. - Suite 100
Saint Paul, MN 55114
www.100percentmn.org

March 8, 2023

Chair Gomez and Member of the Committee,

We are writing to urge caution about making large, permanent, and structural tax cuts.

Minnesota is transitioning to a cleaner and more equitable economy. This means working together to meet twin goals: a) cutting greenhouse gas emissions in half by 2030 and reaching net-zero by 2050 and b) ensuring this transition benefits everyone, reducing racial, gender, and economic disparities.

To achieve these two goals, **we need a strong, stable, and progressive tax code.**

Some equitable climate solutions will require ongoing public investments. Some climate and clean energy solutions are more readily addressed by market demands, like the lower costs of renewable energy. Others, including many one-time transition costs, will require public investments, like the weatherization of Minnesota homes. A few will require ongoing state investments, like planning, preparedness, and emergency response. To fund these, we need to make sure Minnesota has adequate revenue from a more progressive tax code.

In this context, **the committee should exercise caution about making large, permanent, and regressive tax cuts, like the full repeal of the Social Security tax.** The revenue analysis of Senate File 15 (Putnam), the full repeal approach, estimated that the cost of the cut would be \$641,600,000 in FY 2024 and \$694,500,000 in FY 2025 and then expand to be \$756,800,000 in FY 2026 and \$814,300,000 in FY 2017. In other words, it costs Minnesotans \$1.34B this biennium and \$1.57B next biennium. These are billions the state could be investing in shared solutions to common challenges, like our transition to a cleaner, more equitable economy.

Further, **the full repeal approach disproportionately benefits those seniors receiving over \$100,000 per year** in benefits. According to an analysis published in the Minnesota Reformer on February 22nd “202,000 filers making over \$100,000 per year — about the highest earning 20% of all seniors — would take home 69.3% of the total tax cut.”

In this context, the more targeted, more progressive approach taken by Rep. Jessica Hanson’s House File 1040 and the Walz-Flanagan Administration is better. No cuts or cuts targeted to lower-income Minnesotans would leave the state better positioned for the future. It’s a future where two things are clear: our budget surplus will not last forever and the costs of climate change impacts will continue to grow.

Please be cautious about making large, permanent, and structural tax cuts.

Thank you for your time and consideration,

Aurora Vautrin

Aurora Vautrin

Legislative Director

100% Campaign

705 Raymond Ave. - Suite 100

Saint Paul, MN 55114