



March 27, 2024

RE: HF 4934 (Norris) Tax Court Decisions

Chair Gomez and Members of the House Taxes Committee,

The Minnesota Chamber of Commerce represents over 6,300 businesses of all sizes and industries employing over 500,000 employees in Minnesota. We advocate for public policies to strengthen Minnesota's business climate and to help grow Minnesota's economy. We thank Rep. Norris for authoring this bill to provide taxpayers with greater certainty and clarity regarding MN's tax laws.

Taxpayers and tax practitioners should be able to rely on Minnesota tax court decisions as they are "the sole, exclusive and final authority for the hearing and determination of all questions of law and fact arising under the tax laws" except for those cases appealed to MN Supreme Court as stated in MN Statute 271.01 Subd. 5. Our first preference would be for tax court decisions to be binding on the Commissioner unless a timely appeal has been filed or otherwise distinguished by the MN Supreme Court. We also support this bill's alternative approach enacting a solution recommended by MN Supreme Court Justice Anderson in his dissent in the recent MN Supreme Court case, *Cities Management, Inc. v Commissioner of Revenue*, Case No. A23-0222 (November 22, 2023). This bill will help prevent a future taxpayer from having an unexpected tax hit as occurred in this case where the taxpayer reasonably relied on a tax court decision in structuring a business sale not knowing the Department had internally decided not to follow that decision but did not make that public for 10 years later. As the MN Supreme court noted in *Cities Management*:

*"We are troubled by the Commissioner's conduct that this case brought to light. Rather than appealing the tax court's interpretation of tax law with which the Department disagreed, the Commissioner decided internally—apparently without notice to the public—that the Department would "not acquiesce" to the tax court's interpretation of the law. We fear that such actions do little to inspire the trust and confidence of taxpayers in Minnesota's tax system."*

We urge your support of this bill to help provide greater clarity, certainty and trust in Minnesota's tax system and to enforce the binding nature of Minnesota tax court decisions.

Sincerely,

*Beth Kadoun*

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