



June 16, 2021

The Honorable Paul Marquart, Chair  
House Commerce Committee  
597 State Office Building  
Saint Paul, MN 55155

**Re: HF9 Special Session Omnibus Tax Bill**

Dear Chair Marquart:

Thank you for the opportunity to provide public comments on HF9 (Omnibus Tax Bill).

We appreciate the federal conformity provision regarding the Paycheck Protection Program included in the bill. With the passage of this provision, Minnesota will join nearly every other state in the country in making emergency PPP assistance tax-free as was originally intended. We also appreciate the provision setting forth modest property tax relief to commercial properties by raising the market value exclusion to \$150,000 as it relates to the statewide levy.

We are deeply disappointed, however, that the bill does not include more substantive, targeted relief to aid in the speed and depth of the financial recovery for hospitality businesses. As you are aware, Hospitality Minnesota advocated for a targeted property tax freeze on the state levy, relief from sales tax on restaurant equipment and other tax relief for hospitality businesses that were decimated by the shutdowns and other COVID conditions of the last year.

With Minnesota receiving \$2.8 billion in American Rescue Plan funds, whose stated purpose includes "... aid to impacted industries such as tourism, travel, and hospitality..." it's perplexing that the State is not giving more prioritization to the economic recovery of an industry that provides one-in-ten jobs and drives \$16 billion in economic activity. According to the survey we conducted with the Federal Reserve Bank of Minneapolis and Explore Minnesota Tourism last month, **58% of foodservice businesses and 57% of hotels remain in jeopardy of bankruptcy in the coming year.** Due to months of shutdowns and limited economic activity, hospitality businesses lost \$10 billion in revenue in 2020, yet their financial obligations for mortgages, rent, leases, insurance, utilities and even taxes continued unabated, leading to significant debt loads for many making their ongoing viability even more at risk. They are now looking at a multi-year recovery and some will not survive without financial relief now. The State could speed this recovery, minimize business failures and increase the pace of job recovery by leveraging the federal funds as they were intended to help restaurants, hotels, event operators and other hospitality businesses in their economic recovery.

We renew our call for the State to step up and take advantage of the opportunity provided by the federal cash infusion to help these critical businesses survive and recover as quickly as possible.

Sincerely,

Liz Rammer  
President & CEO