



May 7, 2021

Senator Carla Nelson
Minnesota Senate Bldg., Room 3235
95 University Avenue W.
St. Paul, MN 55155

Representative Paul Marquart
597 State Office Building
St. Paul, MN 55155

Re: Omnibus Tax Bill, Senate File 961/House File 991

Chair Nelson, Chair Marquart, and Members of the Tax Conference Committee,

On behalf of the Medical Alley Association's more than 600 members, I'd like to thank you for the opportunity to provide input on the Tax omnibus bill (S.F. 961/H.F. 991). Medical Alley Association acknowledges the difficult decisions facing this conference committee and appreciates the dedication and commitment it will take for the House, Senate, and Governor to come to an agreement on the tax bill. Below are a few provisions Medical Alley Association is pleased to support and one provision of concern.

Support

Funding for the Angel Tax Credit Program

Senate: Article 2, Sections 1-2; House: Article 2, Section 3-4

Medical Alley Association appreciates the one-time funding for the Angel Tax Credit Program (ATCP) being included in the bill.

The ATCP is vital to keeping Minnesota a destination for entrepreneurs across technology sectors. Additionally, nearly half of all states have programs similar to the ATCP – including regional competitors like Illinois, Iowa, and Wisconsin – making the program vital to continuing to attract investment dollars for Minnesota innovators. Dedicating funding, specifically ongoing funding, for the ATCP is one important thing the state can do to continue growing Minnesota's startup ecosystem and generate growth for the decades to come.

We urge this conference committee to provide ongoing and stable funding at \$20 million annually for this program. The need and impact of the Angel Tax Credit is continually proven, as evidenced by single-year funding running out after only five months in both 2019 and 2021. While single-year funding is a short-term fix, dedicated and consistent funding will provide maximum benefit for to our state over the years, benefitting the state at a far greater rate.

Federal Conformity

Senate: Article 1, Sections 8-9; House: Article 1, section 15

Medical Alley Association thanks both the bill authors for including conformity to federal tax law in their tax omnibus bills. Of note, conformity for PPP loans is an important step in the right direction to help Minnesota companies recover from the pandemic. Rather than charting its own course here, Minnesota should fully conform to federal tax law with regards to PPP loans and prevent many small businesses



from receiving a large tax bill at a time when they can least afford it. While we appreciate the House's inclusion of partial conformity, we strongly support the Senate's position of full conformity.

Concern

House: Article 2, Section 18

Medical Alley Association has concerns regarding elements of this tax bill that harm competitiveness in Minnesota. To maintain our state's cutting-edge for innovation, we must make Minnesota an attractive state to grow a business, not deter interest through further taxation. We encourage this conference committee to reconsider the provisions in this bill that harm Minnesota's overall competitiveness.

Thank you again for the opportunity to provide input on the Tax omnibus bill. Medical Alley Association stands ready to answer any questions you may have or to provide additional input on the critical tax provisions outlined above.

Sincerely,

A handwritten signature in blue ink that reads 'Lilly Melander'.

Lilly Melander
State Policy and Advocacy Director
Medical Alley Association