

FIRST RESOURCE BANK

Members of the Minnesota House Taxes Committee representing districts within First Resource Bank's service area,

I am writing to share my strong support for the proposed commercial and agricultural loan tax relief legislation currently before the Committee, including the **A1 amendment to HF 916**. As a senior banking executive and a constituent with direct ties to businesses and employers in your district, I appreciate the Committee's continued focus on policies that strengthen local economic growth.

Proposal: The proposed legislation is a narrowly tailored, pro-competition reform. It would exclude from Minnesota taxable income the interest and related income earned on qualifying commercial and agricultural loans below defined thresholds, when those loans directly support Minnesota-based businesses and farms. The proposal is intentionally targeted to locally anchored lending, includes clear asset-size and loan-size limits, and incorporates guardrails to ensure the policy is administrable and fiscally responsible.

Impact: From a borrower's perspective, this reform matters. Increased competition among lenders directly translates into lower borrowing costs, improved credit availability, and more flexible financing options for small and midsize businesses. In practical terms, that means manufacturers, ag producers, contractors, and main-street employers in your district gain access to capital at more competitive rates—supporting expansion, hiring, and long-term sustainability.

Other Midwestern states, including Wisconsin, have already adopted similar targeted approaches to address competitive imbalances in business lending markets. Minnesota's proposal is thoughtfully designed to achieve the same objective while preserving a strong, locally focused banking system that continues to reinvest in its communities.

As a key stakeholder who lives and works in your district and who is directly involved in commercial and agricultural lending decisions, I believe this legislation strikes the right balance between economic development, tax policy discipline, and financial system stability. I welcome any questions, feedback, or discussion you may have ahead of the Committee's meeting next Tuesday and would be happy to serve as a resource as you evaluate this proposal.

Thank you for your time and for your continued service to Minnesota's communities and employers.

Sincerely,

RILEY ADAMS | CHIEF RISK OFFICER

**FIRST RESOURCE
BANK**

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Background on the Bank:

- First Resource Bank ('FRB') is a full-service interstate financial institution headquartered in Lino Lakes, Minnesota. In addition to the main office in Lino Lakes, the bank operates five full service branches in Forest Lake, Lindstrom, Minneapolis and Stillwater, Minnesota, and St. Croix Falls, Wisconsin. Moreover, FRB is in-process of acquiring First State Bank of Wyoming (and their two branches in Stacy and Wyoming, Minnesota).

Lindstrom

12790 N 1st Ave,
Lindstrom, MN 55045
(651) 257-1117

Forest Lake

808 W Broadway Ave.
Forest Lake, MN 55025
(651) 464-9001

Lino Lakes

7449 Village Drive
Lino Lakes, MN 55014
(651) 785-9320

St. Croix Falls

2206 Glacier Drive
St. Croix Falls, WI 54024
(715) 483-5016

Stillwater

1946 Washington Ave S
Stillwater, MN 55082
(651) 351-1200

Mill District

811 S Washington Ave, Suite 104
Minneapolis, MN 55415
(612) 339-5455

March 22, 2026



Chair and Members of the House Tax Committee
Minnesota House of Representatives
Centennial Office Building
658 Cedar St
St. Paul, MN 55155

Re: Support for HF 916 – Subtraction for financial institutions for income earned on certain loans

Dear Chair and Members of the Committee:

On behalf of the Minnesota Bankers Association (MBA), I am writing to express our strong support for HF916 - Subtraction from income provision for certain commercial loans issued by financial institutions. As Minnesota's largest banking trade group, the MBA represents more than 95 percent of the state and national banks chartered in Minnesota. In addition, we represent more than 40 banks that are headquartered outside Minnesota but have branches in our state. Our membership includes banks of all sizes, including several large national banks and a handful of regional banks. However, the vast majority of our members are community banks.

This bill will exempt from state taxation the interest paid on business and agricultural loans of \$5 million or less, resulting in lower-cost business and ag loans for Minnesota businesses and farmers. The State of Wisconsin passed matching legislation, which became effective in tax year 2023. Wisconsin Governor Tony Evers touted the legislation's power to spur economic growth by encouraging greater investment in business and agriculture.

This bill would help businesses and farmers across Minnesota. Interest rates have risen and remain above the 20-year average, making it more challenging for farmers to purchase land and businesses to grow. Because government-sponsored enterprises — which are the largest lenders to agricultural land with 48% of the market — already enjoy the tax savings provided by this bill, banks will need to pass those savings on to customers in the form of lower rates to compete effectively in the marketplace. A similar law in Kansas is already delivering rates that are 50 basis points lower than those prior to passage, so it works.

Thank you for your consideration.

Sincerely,
Joe Witt
President/CEO
Minnesota Bankers Association