



March 3, 2026

Representative Greg Davids
2nd Floor Centennial Office Building
St. Paul, MN 55155

Representative Aisha Gomez
5th Floor Centennial Office Building
St. Paul, MN 55155

Chair David, Chair Gomez, and House Taxes Committee Members:

We Make Minnesota is a coalition of labor and community groups united in support of a fair tax code and a budget sufficient to meet the state's public investment needs. We are writing to state our opposition to HF 3524 and HF 3525, which would conform Minnesota's tax code to new federal policies exempting overtime and tip income from taxation, respectively. We oppose these policies because they introduce arbitrary, inequitable preferences into our tax code and would have a costly, regressive impact on our state budget.

HF 3524 exempts from taxation income earned from qualified overtime as defined under the Fair Labor Standards Act. This policy was designed to signal a benefit to working class families, but in reality excludes the vast majority of low- and middle-class families who earn no overtime pay. Furthermore, because of the progressive structure of both federal and state income taxes, policies like these, which cut income taxes, are regressive by definition.

Like HF 3524, HF 3525 would have a regressive and unequal distributional impact on our tax code. Minnesota lawmakers have worked for decades to create an income tax that is fair and progressive. Policies like this would move in the opposite direction, creating regressive carveouts that not only reduce needed revenues, but create opportunities for gamesmanship. On top of budgetary impacts, we worry about a loss of trust and sense of fairness.

We Make Minnesota opposes policies that erode revenues needed for important public investments like schools, healthcare, and infrastructure that keep our communities strong. We also oppose policies that violate the principle of horizontal equity, which holds that households in similar economic circumstances should be treated similarly by the tax code. HF 3524 and HF 3525 cherry-pick certain income types, thus creating inequity and opportunities for manipulation.

We urge you to reject these costly, regressive, and unequal policies.

Thank you for your attention to this matter.

Sincerely,

A handwritten signature in cursive script that reads "Eric H. Bernstein".

Eric Harris Bernstein, Coalition Director
