



February 21, 2023

RE: [HF893](#) (Baker) Restaurant capital equipment sales tax exemption

Chair Gomez and Members of the House Tax Committee,

The Minnesota Chamber is a statewide organization representing more than 6,300 businesses of all sizes employing more than half a million employees. We support policies to best position our state for future success by advancing a competitive business climate to encourage a growing economy through increased private sector investment, entrepreneurship, and talent recruitment and retention.

We urge your support of HF 893 providing a sales tax exemption on certain capital equipment purchases in the restaurant industry. This will help one of industries hit hardest by the COVID-19 pandemic and related shut-downs and restrictions to slow the spread. This industry also continues to face challenges with higher costs in their supply chain from inflation, work force shortages, and other cost increases.

This bill also advances good tax policy by reducing taxes on business inputs and encouraging investment in Minnesota operations. The sales tax is designed to operate as a tax on final household consumption. A tax on business inputs results in "tax pyramiding," as the sales tax is assessed multiple times throughout the production cycle. When businesses pay taxes on inputs, the costs of production rise, resulting in some combination of higher prices for consumers, less business expansion, and less money available for employees.

Thank you for your support of HF 893 to help this hard-hit industry and to help encourage investment upgrades and efficiencies in their Minnesota operations.

Sincerely,

A handwritten signature in black ink, appearing to read "Beth Kadoun".

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