



March 9, 2021

Re: HF1679 June accelerated and HF 1937 Section 179 clarification

Chair Marquart and Members of the Tax Committee,

Thank you for the opportunity to submit written testimony on behalf of the Minnesota Chamber of Commerce in support of HF 1679 (Marquart) and HF 1937 (Marquart). The Minnesota Chamber is a statewide organization representing more than 6,300 businesses that employ more than half a million employees throughout Minnesota.

HF 1679 June accelerated vendor tax liability: We are in support of this bill to finally address an accounting shift that was used back in the 1980s to help solve a state budget shortfall at that time. The accelerated June payment requires some vendors to remit sales taxes earlier than normal every year in June versus at the normal time frame of the 20th day of the month following the month in which a sale is made. This early payment creates additional compliance and cost burdens to vendors that are collecting and remitting sales taxes on behalf of the state with no reimbursement for their costs. We have heard from businesses that have to borrow money every year in order to make these early sales tax remittance to the state. It is past time to fix this accounting shift that falls on the backs of these businesses.

HF 1937 Section 179 fix: We appreciated the strong bi-partisan vote in last October's special session bill, HF 1, to help small businesses and farmers with the adoption of full conformity with the federal law Section 179 business expensing provisions. The Minnesota Department of Revenue identified a fix that was needed to address a situation for some taxpayers regarding carryovers from previous years for Section 179 property. This is an important tax law fix to help with cash flow now and reduce complexity and compliance costs for the group of taxpayers that have invested in their Minnesota operations but were unable to immediately expense those costs on their Minnesota return.

Thank you for your support of these two bills.

Sincerely,

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