



March 24, 2022

RE: HF 3551 (Baker) Restaurant Revitalization Grants

Chair Marquart and Members of the House Tax Committee,

We thank Representative Baker for authoring this bill and for the opportunity to submit written testimony. We urge your support of this bill to enact important federal conformity tax provisions for the restaurant industry.

The restaurant industry was especially hard-hit from the COVID-19 pandemic and related shutdowns that were enacted to slow the spread of the virus. It is critically important for Minnesota to update our tax laws so we do not impose a state income tax hit on this federal assistance. Many of these businesses are still struggling and have not fully recovered from the pandemic closures and restrictions. In addition, these employers are facing record inflation, worker shortages, supply chain challenges and now a double-digit payroll tax increases to address the pandemic induced UI trust fund deficit.

We would also encourage the committee to include other important federal conformity items for other hard hit industries including conformity for venue grants and SBA loans. It is unfortunate that the federal conformity items were not enacted much earlier to prevent the current situation resulting in taxpayers required to pay state income tax on this federal assistance and then wait for a refund. This delay in addressing federal conformity items results in great uncertainty and places greater financial strains on taxpayers in the restaurant industry that continue to struggle and face very thin margins.

We urge your support of this bill to help this hard hit industry.

Sincerely,

A handwritten signature in black ink that reads "Beth Kadoun".

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