



March 11th, 2025

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 Gomez, Chair Davids, 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 support for HF 3913, which would enable the Commissioner of Revenue to implement a tax compliance program aimed at improving the Department of Revenue’s ability to audit complex partnerships, corporations, and high-earning individuals.

HF 3913 represents an important investment in the strength and fairness of Minnesota’s tax code. Ensuring that wealthy interests pay the correct amount of taxes is essential for maintaining adequate state revenues and a fair business environment. This investment in state enforcement capacity is especially important in light of the Trump administration’s cancellation of more than \$50 billion of IRS funding over the next several years.

We are especially supportive of the language specifically identifying complex passthrough entities as an intended target of this expanded auditing capacity. Currently, neither the IRS nor the Department of Revenue has the ability to accurately or sufficiently audit the growing number of large, interwoven, high-value partnerships. The opacity of these business entities, and the unfair advantage they may gain from tax evasion, is not only a threat to state revenues, but to the health of our business environment as well. The number of these business formations have exploded in recent decades, with over 80% of such entities existing in the finance, insurance, or real estate industry, according to the U.S. Government Accountability Office. These industries generate enormous returns for the wealthy and often engage in extractive business practices; we must ensure they pay the taxes they owe.

Finally, although we support this bill, we are concerned about Subdivision 2, which allows for outside contracting. We feel strongly that the mission of this initiative should be to build and maintain in-house auditing expertise, so as to create independent, publicly-directed compliance and to minimize our dependence on private sector firms with inherent conflicts of interest.

Sincerely,

*Eric H Bernstein*

Eric Harris Bernstein, Coalition Director

