Growing Minnesota at center of legislative tax debate

By Doug Loon

The Legislature is in its final stretch, and the supplemental budget and tax bills are center stage. The Minnesota Chamber and our local partners continue to impress upon Governor Dayton and the Legislature the opportunity – and need – to rightsize Minnesota’s tax structure for the benefit of employers and employees. We urge the state to start on a path of incremental reductions in both corporate and personal income tax rates.

Minnesota business taxes are already among the highest in the nation. Our corporate rate is third highest. Our top rate in personal income taxes is fourth highest, which affects individuals as well as the businesses that pay their taxes through personal tax returns.

These businesses line our main streets. They anchor our industrial parks. They are the backbone of our local and state economies. And all of them – whether large, medium or small – pay attention to costs when making decisions to grow jobs in Minnesota.

**Joe Effertz,** **president of Black Forest in Owatonna,** says: “Black Forest is a small company that employs 40 people. We’re very similar to the Viracons of the world, the Wengers, in that we compete nationally for customers all across the U.S. For us to remain competitive from a tax environment allows us to innovate and invest back in the business, so we can keep growing our jobs, our businesses so we can be sustainable into the future.”

**Dave Cone, CEO of Kahler Automation in Fairmont**, relates that one of its customers moved its entire operation form Minneapolis to a Wisconsin site 45 miles away. “It was all due to the corporate tax rate.”

**Darlene Macklin, executive director of the Worthington Area Chamber of Commerce**, has the perspective of living competing along the border. “That's one thing that we always have a difficult time with when we’re trying to recruit business or industries. In South Dakota, they don’t pay any taxes, so it makes it a little harder for us as a border community.”

**Lisa Mangino Swanson, communications director for Hugo's Family Marketplace with headquarters in Grand Forks,** sees the impact from a company with stores in Minnesota and North Dakota. “If there is anything in the tax structure that can be eased on the Minnesota side, obviously that helps move decisions forward faster. ... I think most businesses would agree with that. We want to offer what we can in wages and benefits. We're committed to doing that. Some help on the Minnesota site would definitely be appreciated."

**Alyza Bohbot, owner of Alakef Coffee Roasters in Duluth,** speaks to community vitality. "If we don't have the resources to reinvest in ourselves, we can't reinvest in our community. What's the point of paying into (tax) systems if we're going bankrupt as a company. ... With some tax relief, imagine what Minnesota could accomplish. Imagine what our businesses could accomplish. ... The backbone of the Minnesota economy is small business."

The state’s current two-year budget is set, and spending is up 11.4%, approaching $46 billion. Minnesota is enjoying a budget surplus for the fifth consecutive year - $529 million – with reserves at nearly $2 billion.

Now is the time to make your voices heard as legislative debate begins in earnest on the tax bills. Let’s use the revenue from federal tax reform and the state surplus to reduce, not raise, taxes on Minnesotans.

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