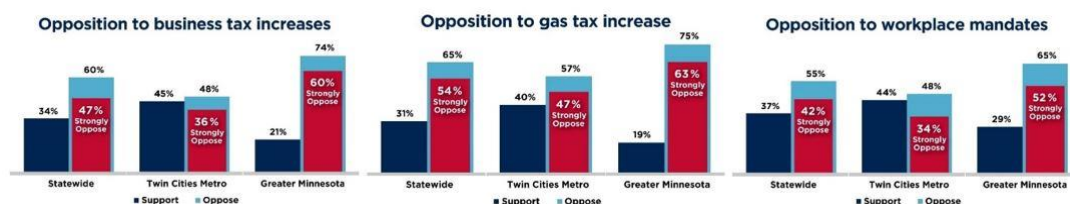




April 29, 2019

WHAT YOU SHOULD KNOW

Statewide poll shows statewide opposition to business and gas tax increases, and mandates on employers and employees. The resistance was strongest in Greater Minnesota.



Low-income Minnesotans are hit hardest by Governor Walz's proposed tax increases. Minnesotans on the bottom half of the income ladder would absorb an average 9.9% tax increase, according to the analysis by his own Department of Revenue.

WHAT YOU CAN DO

Say **NO** to billions in tax increases! Legislators need to hear from you – the business community – about how these monumental increases would hurt your business and make Minnesota less affordable.

We all pay the price: The cumulative impact of increased taxes and spending

Laura Bordelon underscores the cumulative impact of proposed taxes and workplace mandates on employers and employees as the Legislature enters its home stretch. For more information on the total impact of these proposals, download the fact sheet.



Tax Competitiveness

Tax Competitiveness

House omnibus tax bill ([HF 2125](#)). Passed floor on [74-55](#) vote. ***WE OPPOSE.***

- Includes a total of \$5 billion in tax increases on the business community.
- Increases business property taxes by \$231 million on both renters and owners.
- Increases business taxes paid through personal income-tax returns by \$755 million.
- Increases income taxes for corporate businesses by \$1.5 billion.
- Creates foreign income tax provisions that make Minnesota a tax outlier.
- Makes certain tax increases retroactive.
- Creates capital gains rate of 12.85% that would be highest in the nation at some incomes and second highest overall behind California.
- Removes sales tax exemption for computer software, an economic development incentive for locating data centers in Minnesota.
- Freezes estate tax at \$2.7 million threshold.

Senate omnibus tax bill ([SF 5](#)) Floor vote expected today or Tuesday. ***WE SUPPORT.***

- Provides full federal conformity on Section 179 expensing for capital equipment.
- Reduces the statewide business property tax.
- Allows businesses that pay taxes through personal returns to pay business taxes as a C corporation.
- Reduces the 7.05% individual income tax rate.
- Offsets compliance costs and improves administration of tax system by adopting vendor compensation allowance and repealing June accelerated sales tax for construction industry.
- Opposes provisions that tax Minnesota business income earned in foreign countries.

IN THE NEWS:

- [“MCC: Walz budget not ‘Minnesota nice’”](#) (Fergus Falls Daily Journal)
- ["Editorial: Minnesota needs a budget and better business climate"](#) (Willmar, West Central Tribune)

- ["Editorial: A burden on business in Minnesota"](#) (Grand Forks, N.D. Herald)
- ["State chamber talks new tax proposals, concerns with local businesses"](#) (Litchfield Independent Review)
- ["Editorial: Chamber sounds alarm on taxes"](#) (Duluth News Tribune)
- ["Chambers push back on Walz tax, leave proposals"](#) (Virginia, Mesabi Daily News)
- ["Local chamber reps, businessmen speak out against \\$49.5B Walz budget"](#) (Brainerd Dispatch)



Health Care

Health Care

House omnibus health and human services finance bill ([HF 2414](#)) Passed floor on [74-55](#) vote. ***WE OPPOSE.***

- Fails to extend the reinsurance program that has helped to stabilize costs in the individual health insurance market.
- Creates ONECare MN, a state-run health insurance option that would allow any Minnesotan to buy platinum-level coverage.
- Expands the list of benefits that fully insured health insurance products must cover, which results in increased costs for small employers.
- Adds unnecessary liability and costs to the contractual relationship between pharmacy benefit managers and employers and health insurers.



Workplace Mandates

Workplace Mandates

House omnibus jobs and economic development bill ([HF 2208](#)) Passed floor on [74-59](#) vote. ***WE OPPOSE.***

- Mandates a statewide paid family and medical leave program financed by a new tax on employers and employees. For more information, [download the fact sheet](#).
- Mandates a statewide paid sick and safe time program.
- Penalizes employers for unintentional shortchanging of employee wages.

Senate omnibus jobs and economic development bill (SF 2611) Floor vote expected today.

- Enacts Uniform State Labor Standards Act, explicitly preventing patchwork of local labor mandate laws. **WE SUPPORT THIS MEASURE.**

IN THE NEWS:

- [“Column, Editor Mike Lamb: One size fits all just doesn’t work”](#) (Marshall Independent)



Transportation

House omnibus transportation finance bill ([HF 1555](#)) Floor vote expected today.
WE OPPOSE.

- Increases gas tax by 20 cents per gallon. For more information, [download the fact sheet](#).
- Increases tab fees and motor vehicle sales tax.
- Requires a minimum crew size for Class I and II railroads.
- Establishes clear and robust process for testing automated vehicles. **WE SUPPORT THIS MEASURE.**

Senate omnibus transportation finance bill (SF 1093) Floor vote expected Wednesday. **WE SUPPORT.**

- Continued use of sales taxes on rental cars and auto parts to fund roads and bridges.

IN THE NEWS:

- ["Editorial: A hybrid idea for a big problem"](#) (Grand Forks, N.D., Herald)



Workforce Development

House omnibus education finance bill ([HF 2400](#)) Passed [78-55](#).

- Coordinates funding for early learning programs. ***[WE SUPPORT THIS MEASURE.](#)***

Senate omnibus E-12 education finance bill ([SF 7](#)) Floor vote expected as soon as Tuesday.

- Improves education outcomes in schools by providing data on kindergarten readiness. ***[WE SUPPORT THIS MEASURE.](#)***
- Expands early learning scholarships for 3- and -4-year-olds so more low-income families have access to effective providers of their choice. ***[WE SUPPORT THIS MEASURE.](#)***

House omnibus jobs and economic development bill ([HF 2208](#)) Passed floor on [74-59](#) vote.

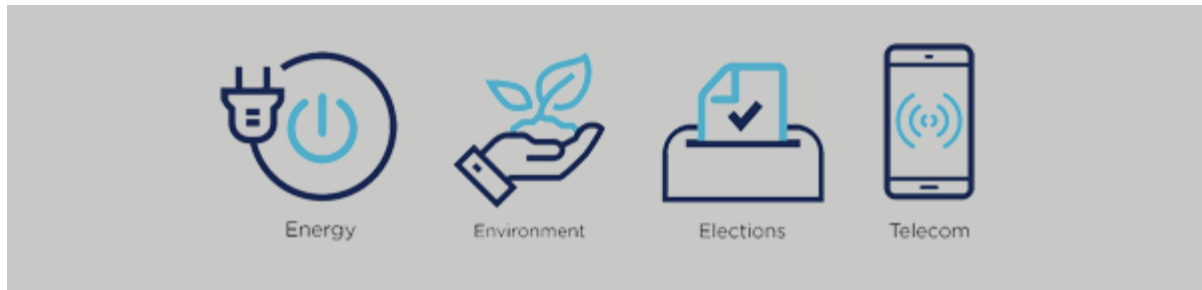
- Appropriates money to grow the supply of child-care providers. ***[WE SUPPORT THIS MEASURE.](#)***

Senate omnibus jobs and economic development bill ([SF 2611](#)) Floor vote expected today.

- Appropriates money to grow the supply of child-care providers. ***[WE SUPPORT THIS MEASURE.](#)***

House omnibus health and human services finance bill ([HF 2414](#)) Passed floor on [74-55](#) vote.

- Provides regulatory relief and creates a task force to identify potential barriers and/or improvements to Parent Aware. ***[WE SUPPORT THIS MEASURE.](#)***



Other priorities: Energy, Environment, Elections, Telecom

Energy

House omnibus jobs & economic development bill ([HF 2208](#)) Passed floor on [74-59](#) vote.

- Mandates that utilities generate 100% electricity using carbon-free resources by 2050 without regard to higher costs that will be passed onto ratepayers. **WE OPPOSE THIS MEASURE.**

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- Requires electric utilities to meet resource needs using clean energy without regard to higher costs that will be passed onto ratepayers. **WE OPPOSE THIS MEASURE.**
 - Changes in Conservation Improvement Program that promote fuel switching and load growth and could result in higher rates. **WE OPPOSE THIS MEASURE.**

Environment

House omnibus environment and natural resources finance bill ([HF 2209](#)) Floor vote expected Tuesday. **WE OPPOSE.**

- Re-establishes the Minnesota Pollution Control Agency Citizens Board, creating additional red tape in agency decision-making
- Establishes a carpet stewardship program, creating confusion in the chain of commerce.
- Institutes a ban on flame retardants in carpets, mattresses, children's products and furniture, making manufacturers and retailers unsure of what products can be sold in which states.

Senate omnibus environment and natural resources finance bill ([SF 2314](#)) Passed floor on [35-32](#) vote. **WE SUPPORT.**

- Continued streamlining of environmental review and permitting at state agencies to bring more certainty and timeliness to the process.

