

BUDGET SURPLUS GROWS TO \$1.544 BILLION

Great opportunity to make Minnesota more competitive

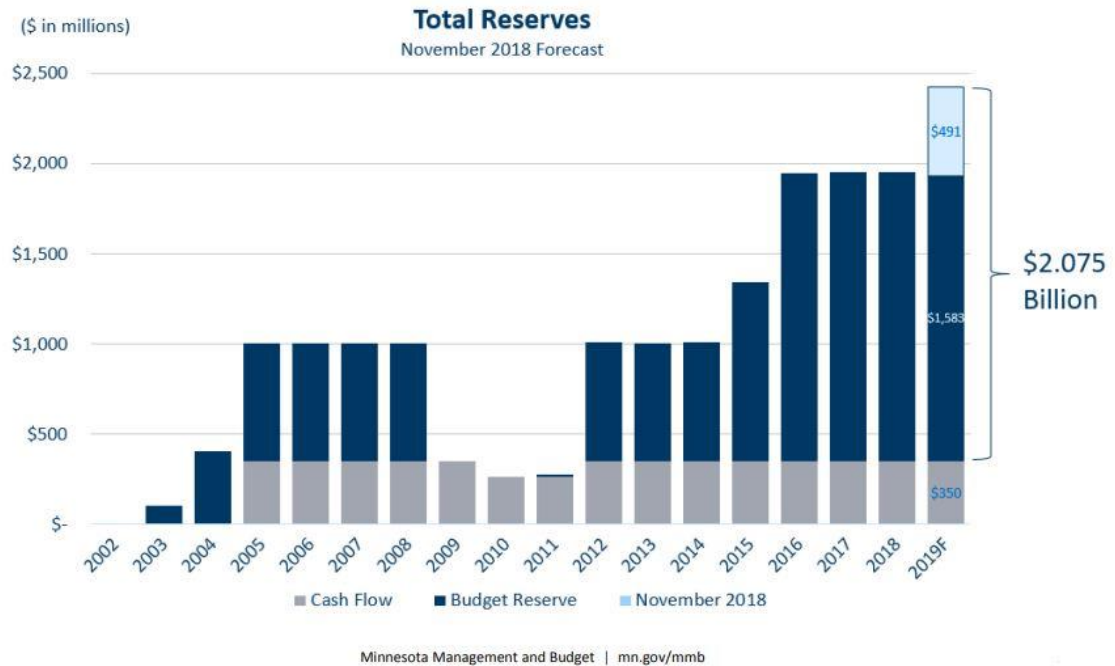
The state released its economic forecast today, and there are important takeaways for all Minnesota Chamber members.

First, the facts.



The state's general fund is **projected to have a surplus of \$1.544 billion** for the two-year budget cycle beginning July 1, 2019. The projected surplus for the following two years (Fiscal Years 2022-23) is \$456 million. This is the sixth consecutive legislative session that will convene with a budget surplus. In addition, \$491 million were added to the budget reserve for a record-breaking fund of more than \$2 billion.

Budget Reserve Largest in State History



What does this mean? Minnesota's economy is expanding as the nation experiences historic economic growth. Businesses are employing record numbers of people and providing new opportunities for Minnesotans across the state.

But six years of budget surpluses in a row doesn't mean the government needs more revenue. In fact, this presents an opportunity to address key competitiveness factors for our economy. According to the [2019 Minnesota Business Benchmarks report](#), Minnesota's taxes rank among the highest in the nation. Tax burdens remain a competitive concern for many of Minnesota's private-sector employers:

- Our income-tax rates for individuals and businesses that pay taxes on their personal returns are fifth highest in the nation.
- Our corporate tax rate is third highest in the nation.

- Our overall state and local taxes per-capita are ninth highest in the nation.

Minnesota's taxes don't need to be the lowest, but a reasonable and overdue move toward the middle would level the playing field, make Minnesota more affordable, and continue to encourage economic growth.

The state's two-year budget is projected to approach \$48 billion with spending growing by \$2 billion under current law. Policymakers should carefully consider any commitments to long-term spending that will grow over time.

We look forward to working with Governor-elect Tim Walz, members of his administration and the entire Legislature to grow our economy and prosperity together this session. Let's use the surplus to best position Minnesota for a strong economic future.

For more in-depth analysis of the forecast, contact Beth Strinden Kadoun, our vice president of tax and fiscal policy, at bkadoun@mnchamber.com.

Sincerely,

Douglas B. Loon
President