



April 12, 2023

Taxes Committee  
Minnesota State Senate  
328 Capitol  
St. Paul, MN 55155

Chair Rest and the Minnesota State Senate Taxes Committee Members,

On behalf of the nation's leading business organizations representing the diverse economic interests of the AAPI, Hispanic, and LGBTQ+ communities, we write to express our concerns about Minnesota's proposed delivery tax.

In the face of economic uncertainty and record high prices, it is more important than ever that lawmakers are making responsible policy decisions that will positively impact the state's economy, diverse communities, and workforce. That is why we write you today.

The delivery tax originally proposed in House Files 580, and now included in the transportation omnibus bill (HF 2887 and SF 3157), constitutes an unnecessary and ill-conceived tax that will have a two-fold impact, hurting both consumers and gig economy workers. Intended to be a revenue source to address Minnesota's transportation and infrastructure needs, this unprecedented tax would charge an additional 75 cents on virtually every delivery from food to essential goods – making it the largest delivery tax in the nation.

The tax increase will certainly touch every Minnesotan, but for vulnerable and low-income communities, the tax hike will scrap carefully balanced budgets. As many consumers are already struggling to make ends meet, this tax will only further push them behind. Consider populations who depend more heavily on deliveries due to barriers to access. This could include seniors who, due to health and other factors, are unable to travel to a grocery store, or rural community members who have reduced access to food and essential goods because of their physical distance from supermarkets and convenience stores. The proposed tax would unfairly penalize these populations, further impeding their ability to obtain necessary goods.

Moreover, the tax could have serious implications for small businesses and delivery jobs. A tax increase as steep as the one proposed by HF 580 will likely influence consumer spending choices and habits, in turn harming small businesses by causing order volumes to potentially decrease. Businesses could lose customers and revenue streams they rely on. And if businesses are forced to adjust to a drop in sales, the overall number of jobs in this space will decline, thus hurting delivery workers as well. Many individuals seek out delivery gigs due to their flexibility and low barriers to entry but increasing delivery taxes will limit those opportunities and cut into their earnings.

We cannot support a tax increase that overlooks the many consequences it will have on consumers and businesses. Instead, we must work together to protect consumers across communities and support their economic well-being and development. We implore lawmakers to exclude this tax from the Transportation budget and instead identify smart policy solutions that will benefit more Minnesota residents.

Sincerely,

Justin G. Nelson | Co-Founder & President  
National LGBT Chamber of Commerce (NGLCC)

Chiling Tong | President & CEO  
National Asian/Pacific Islander American Chamber of Commerce (National ACE)

Ramiro Cavazos | President & CEO  
US Hispanic Chamber of Commerce (USHCC)