

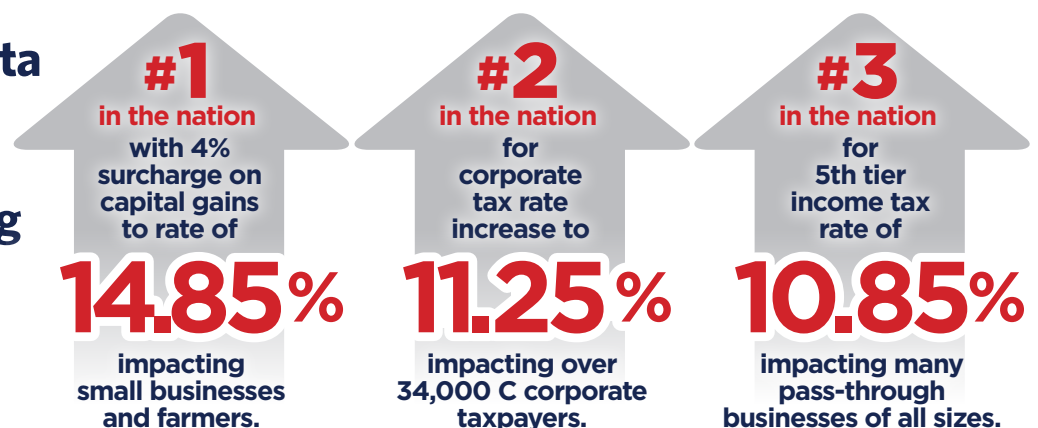
Governor Walz's budget: employers, employees pay the price

Businesses throughout Minnesota provide meaningful employment and help create a quality of life throughout the state. Increase taxes by over \$3 billion - predominantly on Minnesota's private sector employers - is the wrong time to institute permanent costs and fee increases. Policymakers should focus on policies to spur Minnesota's economic recovery. Many of the proposed taxes are regressive and extremely volatile, and will greatly harm Minnesota's business climate, undermine investment, entrepreneurship, and talent recruitment and retention.

Governor Walz's budget includes:

- Total general fund tax increases of **\$3.154 billion** over next 4 years.
- New payroll tax increasing taxes by **\$2.2 billion** over 3 years to fund employee leave mandate and adding 326 new state employees.

If enacted, Minnesota will move even higher in national tax rankings, making the economy less competitive for all businesses:



To pay for spending increases of **nearly 10%** (\$4.55 billion over FY 2020/21), the governor would:

- Establish a new 5th tier 10.85% income tax rate (current top 4th tier rate is 9.85%) for household incomes above \$1,000,000 (married filing jointly). **\$402.7 million in FY 2022-23.**
- Impose new surcharge on capital gains with a rate of 12.35% on capital gains and dividend income over \$500,000 up to \$1,000,000 and 14.85% rate on capital gain income over \$1,000,000 for individuals, trusts and estates. **\$486.1 million in FY 2022-23.**
- Increase current corporate franchise tax rate from 9.8% to 11.25% (nearly 15% increase). **\$423.8 million in FY 2022-23.**
- Retroactively tax foreign income putting MN headquartered companies with global operations at competitive disadvantage. **\$336.2 million in FY 2022-23.**
- Roll back the Minnesota estate tax exclusion at \$2.7 million rather than current exclusion of \$3 million. **\$28.1 million in FY 2022-23.**



For more information and important legislative issues affecting the business community, please visit mnchamber.com.



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Bemidji Area Chamber of Commerce	MetroNorth Chamber of Commerce
Brainerd Lakes Chamber of Commerce	New Ulm Area Chamber of Commerce
Burnsville Chamber of Commerce	Northfield Area Chamber of Commerce
Cloquet Area Chamber of Commerce	Owatonna Area Chamber of Commerce and Tourism
Cuyuna Lakes Chamber of Commerce	Pipestone Area Chamber of Commerce
Dakota County Regional Chamber of Commerce	River Heights Chamber of Commerce
Duluth Area Chamber of Commerce	Rochester Area Chamber of Commerce
The Chamber of Grand Forks and East Grand Forks	St. Cloud Area Chamber of Commerce
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Hastings Area Chamber of Commerce and Tourism Bureau	Willmar Lakes Area Chamber of Commerce
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