

April 9, 2021

Dear Members of the House Taxes Committee:

I am writing regarding two tax provisions in HF 1684, the Omnibus Transportation Finance and Policy bill.

The Business Partnership believes that a transportation system that effectively and efficiently moves people, goods and services is important to our state's economic competitiveness.

However, we have concerns with indexing the motor fuels tax and imposing a 0.5% sales tax in the metropolitan area.

Minnesota businesses already face very high tax and cost burdens – we have the 4th highest corporate income tax rate, 5th highest personal income tax rate, and rank in the top ten for business property taxes.

Minnesota businesses currently pay 49% of the sales tax collected in Minnesota and 47% of all motor fuel taxes. The proposed sales and motor fuels tax provisions in this bill will increase that burden.

We generally oppose automatic inflators in taxes, as indexing the motor fuels tax would do. We also have concerns with the state imposing a metro-area sales tax, especially without allowing local voters to weigh in on that proposed tax increase.

We evaluate these tax increases in the context of the overall tax burden in Minnesota. With a \$1.6 billion surplus, the influx of billions of dollars of funding from the federal government, and the significant tax increases in the House omnibus tax bill, we believe additional tax increases are unwarranted.

Thank you for your consideration.

**Jill Larson**

Deputy Executive Director  
Minnesota Business Partnership