

February 18, 2021

Dear Honorable Chair Paul Marquart:

AFSCME Council 5 represents 43,000 workers in Minnesota. Our mission is to advocate for excellence in services for the public, dignity in the workplace and opportunity and prosperity for all workers. We write in support of House File 991, Governor Walz's proposed tax plan and to thank you for carrying this progressive revenue proposal in the House.

High-quality public services, safe and dignified conditions for all workers, and investments which expand access to the American dream are not free, they must be prioritized and paid for. We support House File 991 because it will make more of those investments possible; it will ensure the fiscal stability necessary to continue our history of high-quality services for the public; and it does so by asking pandemic millionaires, the folks who have benefited the most by our economic system, to pay a tiny bit more while lowering the income tax for over one million workers in our state.

Minnesota's sound fiscal foundation did not come into existence by accident; for the last decade, leadership in the state executive branch has tirelessly advocated and worked to make it a reality. Governor Dayton's legacy of fiscal stability, strategizing for the long term, and asking the wealthiest to contribute a tiny bit more have made all recent investments possible. Governor Walz wisely carries that legacy on and keeps the torch of fiscal stability burning bright for future generations.

Creating a fifth-tier income tax is long overdue. It is difficult to comprehend how our tax code still treats income over \$1 million, \$5 million, or \$10 million the same as income over \$250,000. We can certainly all agree that couples making over \$20,000 every week are better positioned to pay a higher tax rate. This is true in normal times; it is all the more vital in the wake of a global pandemic that has caused historic financial pain for so many working people and families while others have been left untouched financially or even benefited from the COVID-19 pandemic. Pandemic millionaires should be expected to step up and do just a little bit more to help Minnesota recover.

The same applies for the proposal to tax dividend income, capital gains, changes to the corporate franchise tax, estate tax exclusion etc. Minnesotans fortunate enough to find themselves in these categories are better positioned to pay a little bit more so the entire state can recover more quickly.

As with all tax proposals, we must look at them in context. For example, the 2017 Tax Cuts and Jobs Act (TCJA) provided the top 1% of Americans with over 80% of the benefits contained in

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the bill, exploded our national debt, cut the corporate tax rate by 14% and allowed corporations to write off deductions, but disallowed American workers from deducting important exemptions to lower their taxes and capped the amount of state and local governments taxes we can write off.

The 2017 TCJA also spurred a series of corporate stock buyback schemes (50% increase) to raise stock prices and pad the bank accounts of corporate executives, while failing to raise wages or improve benefits of their workers. Additionally, this legislation provided a significant tax cut to wealthy heirs and heiresses through an increase in the estate tax exemption. The problems in our tax code are structural and they are meant to benefit those at the top and extract more from the working-class and working poor in our state and country.

HF 991, Governor Walz's tax proposal, would bring fairness back to our tax code and ensure that the wealthy pay their fair share for the public services that Minnesotans need now more than ever.

If we truly want to expand access to the American Dream, ensure safe and dignified workplaces, make up for the lost time educating our future workforce or any of the other investments necessary for a full recovery, we have to make fiscal stability and the capacity to pay for investments a priority. We urge passage of House File 991.

In Solidarity,

Handwritten signature of Julie Bleyhl in black ink.

Julie Bleyhl
Executive Director

Handwritten signature of Ethan Vogel in black ink.

Ethan Vogel
Legislative Director

Handwritten signature of Maxwell Hall in black ink.

Max Hall
Public Affairs & Political Action Director

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