

April 17, 2024

To Minnesota Policymakers:

In 2023, Minnesota passed a nation-leading Child Tax Credit. As a result, more than one-third of Minnesota families with children will be better able to afford the basic expenses of raising thriving children.

The 2023 tax bill permits the Minnesota Department of Revenue to establish a process **for Minnesota families to choose to receive a portion of their Child Tax Credit in advance through periodic payments**, instead of waiting to receive the full amount after they have filed their state income taxes. Minnesota could become the first state in the nation to implement this innovative approach to how families receive tax credits. Advance periodic payments would get money in the pockets of Minnesota families sooner and more consistently during the year so they can better afford their daily lives.

Implementation of advance periodic payments must respond to the unfortunate fact that some families will face trade-offs if they choose advance periodic payments. Simply changing the frequency in which families receive the Child Tax Credit from one lump sum to periodic payments may have a negative impact on federal assistance families may rely on. Specifically, some families who choose advance periodic payments may see a reduction in food support through SNAP.

Our organizations support an advance periodic payment process with the following design principles:

- **Families are the decision-makers** about whether to opt in to receive advance periodic payments, and should be able to later opt out if advance payments do not meet their needs. Families should be able to opt out through an easy to navigate online portal and other methods.
- **Families are provided with sound, specific information** to inform their choice whether to receive advance payments and to successfully interact with the tax-filing system, regardless of their method of tax-filing. This includes information about how advance payments could impact other assistance and their annual tax refund; and how their Child Tax Credit could be impacted by changes in their family's income, marriage, or number of children living in the home.
- **Eliminate or limit negative impacts** on families' access to other assistance.
- **Protect families who in good faith choose to receive advance periodic payments** from repayment burdens.
- **Provide resources for successful implementation.** Volunteer tax preparation services, direct service organizations, and government entities that work directly with potentially eligible families should have financial and information resources to provide support and guidance to families in making their decisions about periodic payment.

An advance periodic payment process with all of the above design principles would create a positive opportunity for families and build a strong foundation for future improvements. These principles reflect learning gained from conversations with Minnesota families, the experiences of Minnesota organizations

who work with families, and recommendations by national policy research and tax preparation experts.

The Minnesota Child Tax Credit has huge potential to reduce poverty and hardship, narrow disparities by race and geography, and improve the lifetime prospects of Minnesota children. We look forward to continuing conversations about implementation of advance periodic payments of the Child Tax Credit.

Sincerely,

African American Leadership Forum
Austin Aspires
Big Brothers Big Sisters Twin Cities
Center for Economic Inclusion
Children's Defense Fund-Minnesota
Children's HealthWatch
EdAllies
Exodus Lending
Greater Twin Cities United Way
Jewish Family & Children's Service of Minneapolis
Kinderstube German Immersion Preschool,
operated by Germanic-American Institute
Legal Services Advocacy Project
Minneapolis Regional Chamber of Commerce
Minnesota Association for the Education of
Young Children
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Minnesota Council on Foundations
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New Horizon Academy
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Think Small
United Way of Central Minnesota
Voices for Racial Justice
YMCA Minneapolis
Youthprise



Office of Mayor Jacob Frey
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www.minneapolismn.gov

April 17, 2024

Chair Gomez and Members of the House Tax Committee,

Thank you for your work on the House Omnibus Tax bill and your thoughtful consideration to supporting the needs of cities across the state, including the City of Minneapolis. Included in this letter is more information about provisions in the bill that we support.

Downtown Taxing Boundary

Thank you for including Representative Agbaje's bill, HF 3715 (Article 7, Section 5). This language expands the boundary for the Minneapolis downtown taxing district, while lowering the rate to keep it as close to revenue neutral as possible, based on analysis from the Department of Revenue. This new rate applies to the downtown liquor tax and the downtown restaurant tax, lowering both from 3 percent to 2.5 percent.

Downtown Minneapolis has seen significant growth and change since the adoption of the current boundary. The City is seeking this new boundary to encompass a geography that brings it more in line with the scope of downtown activity as exists today, most notably incorporating the North Loop.

Housing and Homeless Prevention Aid

The City of Minneapolis supports the increase to Homeless Prevention Aid included in the bill (Article 2, Section 24). This aid supports families experiencing homelessness in Hennepin County and helps bolster successful programs serving families, such as the City's Stable Homes Stable Schools Program.

Solid Waste Management Tax

The City of Minneapolis appreciates the provision to increase the share of the Solid Waste Management Tax (SWMT) proceeds that are credited to the Environmental Fund by \$1.821 million, as these funds are currently going to the General Fund (Article 9, Section 2). These funds would then be deposited in the Resource Management Account and spent on certain County waste reduction and recycling programs. Due to its own County Solid Waste Management fee, Hennepin County chooses to pass 100% of the SCORE funding it receives onto its Cities. However, it should be noted that the amount of funding we receive does not cover the cost of the recycling program. This is why we support and recommend that the remaining 27% of SCORE funds be redirected back to its intended purpose, so that additional funding can be sent to Counties, and in some cases like ours, be passed onto Cities each year.

Emerald Ash Borer (EAB) Financial Assistance

Residents in the City of Minneapolis are facing significant costs for the removal, replacement, and treatment of emerald ash borer (EAB). The City supports the \$1 million in Article 9, Sec. 8 for aid payments to local governments for reimbursement to cost-burdened homeowners for removal or treatment of ash trees that are infested by EAB. While we appreciate that retroactive relief is defined as an eligible use for any costs homeowners incurred in 2020 or later, we suggest that this date be pushed back to 2018 because we know that EAB has been present in Minnesota since 2009 and there are still outstanding property tax assessments back to 2018. In addition, we would appreciate some funding to be set-aside for administrative purposes for local governments to establish and review applications and distribute the funds.

Other Provisions

Thank you for including clarifying language related to property tax exemptions for properties located in Minneapolis owned by Red Lake Nation College and Leech Lake Band of Ojibwe. This language provides important clarity to our City Assessor's office.

The City of Minneapolis also supports the provisions creating a land-value taxation district.

Again, thank you for your work on the House Omnibus Tax bill.

Yours Truly,

A handwritten signature in black ink, appearing to be 'JF', with a long horizontal stroke extending to the right.

Mayor Jacob Frey,
City of Minneapolis



2429 Nicollet Ave
Minneapolis, MN 55404
www.100percentmn.org

April 17, 2024

Chair Gomez & Members of the Taxes Committee,

I am writing to express our support for House File 5247, as amended in A24-0302, the committee's omnibus bill. We want to lift up the three provisions we most strongly support.

First, thank you for including a requirement for Disclosure of Certain Corporate Franchise Tax Information (Lines 4.12-4.29). The language would require the Commissioner of Revenue, after a three-year waiting period, to disclose corporate franchise tax information about corporations with over \$250 million in annual gross sales. These disclosures would help restore trust in our tax system by increasing its transparency. Policymakers and the public would benefit from better understanding how Minnesota's corporate franchise tax is working (or not working) to improve our state tax system.

Second, thank you for supporting the Corporate Tax Base Erosion Study (Lines 14.11-15.14). According to the Roosevelt Institute presentation to the House Taxes Committee on March 5, 2024, since 1950, in the United States, corporate profits have grown, while corporate income tax payments have shrunk. In other words, as a percentage of the U.S. Gross Domestic Product, corporate profits have roughly doubled from 6% to 12%. Meanwhile, corporate income tax payments have fallen from almost 6% to around 1.5% of the U.S. GDP.

Whatever the causes of this are, Americans know that it's time for a change. According to an April 2023 Pew Research Study, 61% of Americans say that the feeling that some corporations don't pay their fair share bothers them a lot. This study will help us better understand the erosion and explore meaningful ways to address it.

Finally, thank you for clarifying the local property tax treatment of attachments & appurtenances for cooperative utilities (Lines 17.18-17.21; 30.12-31.6). We hope that this change will remove any ambiguity about the longstanding property tax exemption of cooperative association-owned meters and street lighting equipment that are attached to a cooperative's distribution system in unincorporated areas of Minnesota.

Thank you for your time and consideration,

Aurora Vautrin

Aurora Vautrin
Legislative Director of 100%
2429 Nicollet Ave
Minneapolis, MN 55404
www.100percentmn.org



April 17, 2024

Representative Aisha Gomez
100 Rev. Dr. Martin Luther King Jr. Blvd.
State Office Building, Room 453
St. Paul, MN 55155

Chair Gomez and Members of the House Taxes Committee:

We Make Minnesota is a coalition of labor and community groups united in support of a just and equitable state tax code. Our members include the teachers, care workers, administrators, and laborers that keep our state running. We are writing in support of several provisions included in HF 5247, the House Omnibus Tax Bill.

Article 1, Section 4: The provisions mandating public disclosure of state tax returns of large corporations would represent a landmark achievement in the fight for greater transparency and fairness in our corporate tax code. In addition to providing valuable information, we believe this policy would benefit Minnesota small and large businesses alike through the establishment of greater trust in our state's corporate tax code.

Article 1, Section 6: American taxpayers spend billions of hours and tens of billions of dollars filing their taxes each year with benefits going to large profitable tax preparation services. This is an unnecessary and extractive practice that takes money out of the pockets of Minnesotans. We applaud the committee's efforts to make tax filing free and easy for the majority of Minnesotans.

Article 1, Section 16: Multinational corporate tax avoidance is an issue of international consensus. Every year, Minnesota loses out on hundreds of thousands of dollars due to profits shifted into lower tax jurisdictions abroad. We would welcome a DOR study on this matter.

Article 2, Sections 22-24: We support the expansion of funding for successful local homeless aid programs. In addition to the pressing human imperative, the substantial long-term cost of Minnesota's unhoused population is well documented and so assisting local and tribal governments in meeting the needs of these populations is both smart and humane fiscal policy.

Thank you for your leadership in putting forward this transformative bill. We hope to see much of it included in a final conference report next month.

Sincerely,

A handwritten signature in cursive script that reads "Eric H. Bernstein".

Eric Harris Bernstein
Coalition Director

LOCAL

Some of Minnesota's largest companies have quietly closed their foundations, shifting how they give

3M, General Mills and Thrivent have shifted in recent years to give money to charity through their company, not as a separate foundation. Some Minnesota nonprofit leaders worry that means less money to nonprofits and less public transparency.

By Kelly Smith (<https://www.startribune.com/kelly-smith/6370508/>) Star Tribune |

APRIL 14, 2024 — 11:00AM

3M was one of the first companies in the country to establish a charitable foundation in 1953.

But in 2022, the Maplewood-based company quietly closed its foundation, switching to control its philanthropy internally as a company, not through a separate charitable arm. In Golden Valley, General Mills did the same in 2021, while in Minneapolis, Thrivent shuttered its foundation in 2020.

While all three companies say their public generosity won't shrink without a foundation, some nonprofit leaders worry the closures will decrease transparency and could result in less funding to local nonprofits, especially at a time when foundation grants and corporate giving is declining nationwide.

"We find that corporations that have foundations are a lot more accountable to the public than corporations with just a corporate giving model," said Steve Paprocki of Access Philanthropy, a Minneapolis consulting firm that works with nonprofits on fundraising. "It's about transparency."

Without a tax-exempt foundation, corporations no longer need to file annual tax returns with the IRS that detail who is on their board, how much money they distribute and where their money goes. As a result, Paprocki said, nonprofits won't be able to tell where a corporation has been directing its giving.

"It's always better for them to know who you're giving to and where," he said, adding that he worries companies without separate foundations will give less money over time, too.

Corporate giving in the U.S. has declined over the years. In 2022, U.S. corporations donated 0.9% of their pre-tax profits, down from a peak in 1986 of 2% of pre-tax profits, according to the annual [Giving USA report \(https://philanthropy.iupui.edu/news-events/news-item/giving-usa-total-u.s.-charitable-giving-declined-in-2022-to-%24499.33-](https://philanthropy.iupui.edu/news-events/news-item/giving-usa-total-u.s.-charitable-giving-declined-in-2022-to-%24499.33-)



ANTHONY SOUFFLE, STAR TRIBUNE

3M headquarters in Maplewood.

[billion-following-two-years-of-record-generosity.html?id=422](#)) published by the Giving USA Foundation and researched by the Indiana University Lilly Family School of Philanthropy.

ADVERTISEMENT

In a [survey](https://www.minnesotanonprofits.org/docs/default-source/publications/minnesota-nonprofit-economy-reports/2023-current-conditions-of-minnesota%E2%80%99s-nonprofit-sector-report---final.pdf) (<https://www.minnesotanonprofits.org/docs/default-source/publications/minnesota-nonprofit-economy-reports/2023-current-conditions-of-minnesota%E2%80%99s-nonprofit-sector-report---final.pdf>) last fall by the Minnesota Council of Nonprofits, about a third of respondents reported that donations from individuals and foundation grants or corporate giving have declined — the highest number since the statewide association started tracking the data in 2020.

Corporations broaden efforts

Corporate foundations, which often are staffed by company employees, usually are funded by companies to give grants to nonprofits and other charitable causes.

Chief Executives for Corporate Purpose (CECP), a New York-based nonprofit that researches and advises companies on employee volunteering programs and related community efforts, [found](https://cecp.co/wp-content/uploads/2023/08/CECP-Corporate-Foundations_FINAL_4.28.23-1.pdf) (https://cecp.co/wp-content/uploads/2023/08/CECP-Corporate-Foundations_FINAL_4.28.23-1.pdf) that, in 2022, 80% of companies they surveyed had a foundation and, from 2017 to 2021, 5% of companies stopped reporting on or likely closed a foundation while 4% started one.

Kari Niedfeldt-Thomas, CECP's chief operating officer, said the corporate foundation closures in Minnesota are an anomaly, and operating a foundation still is a popular method for companies nationwide to give back. Plus, establishing a separate legal entity allows companies to do things like give money to organizations internationally, which they can't do as a company.

"For every corporate foundation that may close, there's another one opening," said Niedfeldt-Thomas, who also is the mayor of New Brighton, adding that companies that end foundations may restart them under a different CEO. "The pendulum will swing ... corporate foundations are integral to a company's community connection."

Corporations also are broadening their community efforts beyond cutting checks, she said, including touting their sustainability work, bolstering diversity, equity and inclusion efforts and getting employees involved in volunteering and philanthropy. For instance, more companies [offer paid volunteer time off](https://www.startribune.com/more-minnesota-companies-are-paying-their-employees-to-take-time-off-for-volunteering/508216172/) (<https://www.startribune.com/more-minnesota-companies-are-paying-their-employees-to-take-time-off-for-volunteering/508216172/>) as a benefit to attract and retain employees.

The 1980s was the heyday of corporate philanthropy in the state, with companies often publicly announcing their grants, said Jon Pratt, the [former executive director](https://www.startribune.com/godfather-of-minnesota-s-nonprofit-movement-steps-) (<https://www.startribune.com/godfather-of-minnesota-s-nonprofit-movement-steps->

[down/573480481/](#)) of the Minnesota Council of Nonprofits who has researched the history of corporate philanthropy. That's not long after [Minnesota corporate leaders started a "Five Percent Club,"](#) (<https://www.startribune.com/minnesota-five-percent-club-charitable-giving-donations-volunteering-ranks/600287923/>) vowing to give away 5% of their company's pre-tax earnings to charity — the first group of its kind in the nation.

Since then, companies headquartered in Minnesota have expanded globally and face more demands now, Pratt said, so their philanthropy locally may be less visible.

Foundations close

Some of Minnesota's biggest corporations — including Wells Fargo, Target, UnitedHealth Group and Medtronic — still operate foundations that dole out millions of dollars a year.

Michael Stroik, vice president of 3Mgives, which includes 3M's philanthropy, product donations and the company's matching gifts to employees donations, said the decision to close 3M's foundation was an administrative change that resulted in efficiencies saving some money. But he said it's not a significant savings or the reason for the dissolution.

He said no nonprofits that were funded by the foundation lost funding this year or last year as a result of the change.

The company has been plagued in recent years by [layoffs](#) (<https://www.startribune.com/3m-laying-off-1100-at-maplewood-headquarters-minnesota/600271732/>), [litigation](#) (<https://www.startribune.com/3ms-earplug-settlement-veterans-accept-6-billion-deal/600336062/>) and [sluggish sales](#) (<https://www.startribune.com/3m-caps-tumultuous-2023-with-a-profit-rebound/600337795/>). Stroik said that as the company's revenue has declined, so has its philanthropy, which is contingent on the company's finances. But he said 3M is dedicating the same percentage — 0.12% of its revenue — to cash gifts each year with or without a foundation, more money than the industry median.

That amounts to about \$40 million in grants a year. In 2021, 3M was the fifth largest corporate funder in Minnesota, according to a [2023 report](#) (<https://mcf.org/system/files/documents/2023-11/MCF%20Giving%20Report.pdf>) by the Minnesota Council on Foundations. Over the years, the foundation has funded everything from [STEM \(science, technology, engineering and math\) in local schools](#) (<https://www.startribune.com/school-briefs-3m-foundation-aids-stem-efforts-in-stillwater-district/238726061/>) to the [Ordway Center in St. Paul](#) (<https://www.startribune.com/ordway-ushers-in-its-new-concert-hall-with-glittering-gala/294544131/>).

At General Mills, spokesperson Jamie Bastian said switching the charitable giving model allows the company greater flexibility and impact and said that General Mills' charitable giving in the Twin Cities has increased by 17% since 2021, when its foundation closed.

At Thrivent, spokesperson Liz Erickson said the financial services company gave more than \$4 million to nonprofits in the Twin Cities and Fox Cities in northeastern Wisconsin in 2023, about the same as when it operated a foundation. Erickson added in a statement that Thrivent can "still effectively engage in philanthropy through our corporate team without operating a separate entity."

Largest corporate foundations in Minnesota

According to the 2023 Minnesota Council on Foundations' [Giving Minnesota report](#) (<https://mcf.org/system/files/documents/2023-11/MCF%20Giving%20Report.pdf>), these were the largest corporate funders in the state in 2021:

1. **Wells Fargo Foundation:** \$198.5 million
2. **UnitedHealth Group and United Health Foundation:** \$122 million
3. **Cargill, Inc. and Cargill Foundation:** \$106.4 million
4. **Target and Target Foundation:** \$80 million
5. **3M:** \$41.5 million

Kelly Smith covers nonprofits/philanthropy for the Star Tribune and is based in Minneapolis. Since 2010, she's covered Greater Minnesota on the state/region team, Hennepin County government, west metro suburban government and west metro K-12 education.

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April 17, 2024

VIA EMAIL

House Taxes Committee
Minnesota Legislature

Re: COST's Opposition to Corporate Income Tax Disclosure (Sec. 4) and Corporate Tax Base Erosion Study (Sec. 16) of H.F. 5247

Dear Chair Gomez, Vice Chair Norris, and Members of the Committee:

On behalf of the Council On State Taxation (COST), I am writing to oppose the disclosure of corporate franchise tax information in Sec. 4 and the Corporate Tax Base Erosion Study in Sec. 16 of H.F. 5247. The disclosure of taxpayer information provisions in Section 4 would place an unprecedented reporting requirement on corporations doing business in Minnesota with \$250 million or more in aggregate gross sales in a taxable year, violating taxpayers' privacy rights and longstanding practices of fair tax administration. While COST generally does not oppose study bills, we oppose this study because it is completely one sided, only looking at structural tax design issues relating to the corporate income tax, and not including an analysis of deviations from optimal or neutral tax designs that disfavor business in conjunction with the much larger sales and use and excise taxes on business inputs and property taxes on business property. Moreover, the study is premature based on the State's recent expansion of its tax base to include fifty percent of GILTI and 50% of foreign dividends.

About COST

COST is a nonprofit trade association based in Washington, DC. COST was formed in 1969 as an advisory committee to the Council of State Chambers of Commerce and today has an independent membership of approximately 500 major corporations engaged in interstate and international business. COST's objective is to preserve and promote the equitable and nondiscriminatory state and local taxation of multijurisdictional business entities. Many COST members conduct operations in Minnesota that would be negatively impacted by this unwarranted disclosure legislation.

COST Supports Confidentiality of Taxpayer Information

The COST Board of Directors has adopted a formal policy statement in opposition to disclosure and publication of confidential taxpayer information¹. The policy position states:

¹ See COST Policy Statement: <https://cost.org/globalassets/cost/state-tax-resources-pdfpages/costpolicy-positions/confidentialityoftaxpayerinformation.pdf>.

Taxpayers have a justifiable expectation of privacy. State departments of revenue audit business taxpayers on a regular basis to ensure that all relevant tax laws are appropriately enforced; releasing specific business tax returns or information from those returns to the public would serve no policy purpose.

Disclosure of Corporate Taxpayer Information Serves No Public Policy Purpose

COST has consistently warned against violating taxpayer confidentiality under the guise of transparency. Rather than inform the public policy debate, H.F. 4513 could, through its sole focus on the income tax, mislead both legislators and the public into thinking that businesses do not pay substantial taxes, when in fact businesses pay substantial taxes, especially in areas other than the corporate income tax.² The corporate income tax is the most volatile state revenue stream because of business cycles and intended tax code features. If the Legislature is concerned that certain classes of taxpayers are inappropriately taxed, it can and should ask the Department of Revenue for aggregate information that does not identify a specific taxpayer. Showing that a corporation did not pay any income tax for a given year – because of loss carryovers, current year profitability, tax credits, reinvestment, or some other reason – does not benefit the policy debate. In fact, it will likely harm the debate, as the reasons for a corporation’s income tax liability will likely not be apparent or understood from the information disclosed. H.F. 4513 would make a corporation’s tax information a matter of public record; however, it would not raise additional revenue and would facilitate the harassment of individual corporations.

No other state requires detailed public disclosure of confidential taxpayer information. While this bill excludes the disclosure of federal income tax information (as required by Internal Revenue Code § 6103) the corporate income calculation form, Form M4I, is based on federal tax information and that information carries over to other tax forms. This bill will also serve to discourage corporations from making investments in the State (infrastructure and jobs). It should be noted that disclosures such as those required by H.F. 4513 would make sensitive information available for use by taxpayers’ competitors, including competitors not subject to the State’s tax system.

The One-Sided Corporate Tax Base Erosion Study

Our primary concern with the corporate tax base erosion study is that it is completely one-sided, looking at issues relating to the design of business taxes only in connection with the corporate income tax, which only makes up about 16% of the total state and local taxes on business in Minnesota.³ The study does not include any analysis of the design-related outcomes of other taxes such as the sales and excise taxes on business inputs or the property tax on business property that are over three times larger from a revenue perspective than the corporate income tax.⁴ These other taxes are designed in a way that clearly disfavors business by significantly

² COST, in conjunction with EY, annually publishes a “Total State and Local Business Taxes Burden Study,” available at: www.cost.org/globalassets/cost/state-tax-resources-pdf-pages/cost-studies-articles-reports/ey-50-state-tax-burden-study-fy22.pdf. Of note, corporations paid \$2.9 billion in corporate income taxes in Minnesota for fiscal year 2022, but also paid \$5.5 billion in property taxes and \$3.6 billion in sales taxes (includes only business-to-business transactions), and \$18.3 billion in total state and local business taxes.

³ Id, at 12.

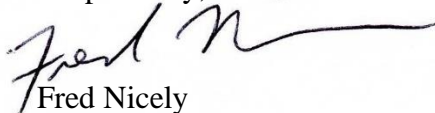
⁴ Id.

more than the corporate income tax purportedly favors business, and thus must be included in any study that is objective and seeks to measure whether businesses pay less **or more** than they would under optimal or neutral tax designs.⁵ If these other taxes are not included in the study, it is clear that the goals of the study are not to determine if business pays its ‘fair share’ of state and local taxes, but rather to develop information solely for the purpose of justifying higher taxes on business in Minnesota. Moreover, our concern is not just with the imbalance in the focus of the study, but also that the timing for the Minnesota Department of Revenue to provide a report by January 1, 2025, is premature. A significant broadening of Minnesota’s corporate income tax base was made last year with the imposition of a fifty percent tax on GILTI (IRC § 951A) income and the expansion of the tax base from 20% to 50% of all foreign dividends. The issue of corporate income tax base erosion is currently being addressed internationally (by the OECD) and at the federal level, and conducting a rushed study at this time would have limited benefit to all concerned parties.⁶ We recommend removing this study at this time to assess the impact of ongoing international efforts, and then determine whether a study is warranted in the future.

Conclusion

For these reasons, COST respectfully urges this Committee to reject provisions in both Sec. 4 and Sec. 16 of the DE to H.F. 5247.

Respectfully,



Fred Nicely

cc: COST Board of Directors
Patrick J. Reynolds, COST President & Executive Director

⁵ See generally: Karl A. Frieden, “Wearing Blinders in the Debate Over Business’s ‘Fair Share’ of State Taxes,” *Tax Notes States*, April 8, 2024. On the higher effective tax rate of business property than homeowner property in Minnesota, see: Minnesota house Research and Fiscal Analysis Departments, “Overview of Property Taxes,” presentation to House Property Tax Division, at 17 (Jan 2023).

⁶ According to the OECD’s most recent analysis, the implementation of the OECD/G20’s Pillar 2 global minimum tax in 2024 will reduce global profit shifting by nearly one-half and the percentage of profits in low-tax jurisdictions will fall by two-thirds. Felix Hugger et.al., “The Global Minimum Tax and the Taxation of MNE Profit,” OECD Taxation Working Paper No. 68, at 8-21 (January 9, 2024). See also, Marilyn Wethekam, “Mandatory Worldwide Combined Reporting: Elegant in Theory but Harmful in Implementation,” COST and the State Tax Research Institute, (March 2024).



City of Buhl, Minnesota
City of Chisholm, Minnesota
City of Kinney, Minnesota
Town of Great Scott, Minnesota

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Central Iron Range Sanitary Sewer District

April 15, 2024

Representative Aisha Gomez, Chair, House Tax Committee
Representative Dave Lislegard, Chair, House Property Tax Division
Senator Ann Rest, Chair, Senate Tax Committee
Senator Grant Hauschild
Minnesota State Capitol
St. Paul, MN 55155

Dear Chair Gomez, Chair Rest, Chair Lislegard and Senator Hauschild:

RE: H.F. 5198, Rep. Lislegard's Property Tax Division Report & S.F. 5435

I appreciate Rep. Lislegard and Sen. Hauschild including funding for the Central Iron Range Sanitary Sewer District (CIRSSD) in their bills. This grant will help us with much needed wastewater conveyance system infrastructure upgrades on the Iron Range which were envisioned in the District's Comprehensive Plan. These improvements are critical for providing increased flow capacity along the Hwy 169 corridor for desperately needed residential, commercial, and industrial development.

The CIRSSD concept was initiated in 2002 with the planning of a regional facility to serve the St. Louis County Range communities of Hibbing, Chisholm, Buhl, and Kinney as well as Balkan and Great Scott Townships and the Minnesota Territory occupied by the Minnesota Discovery Center. This process was spearheaded by the Central Iron Range Initiative (CIRI). Through legislative action the District was formed as a "Municipal" subdivision of the State. From 2002 through 2008, the District struggled to reach consensus among the communities as to the future direction of the District as well as to gain support and participation from the City of Hibbing and Balkan Township.

In late 2008, the CIRSSD was legislatively disbanded due to the lack of support from the City of Hibbing and Balkan Township. Through the tenacity of the leaders of Chisholm, Buhl, Kinney, Great Scott Township, and the local legislative delegation, the CIRSSD was reconfigured and legislatively formed again in mid-2009, without the City of Hibbing and Balkan Township.

Work began immediately to modify the project "Facility Plan" identifying a centralized "green field" facility adjacent to the existing Chisholm Wastewater Treatment Ponds. The project included construction of new sewage pumping stations and sewage conveyance piping in Chisholm and Buhl and rehabilitation of the Kinney pumping facility. With a very condensed schedule to receive project funding to meet NPDES Permit construction schedule deadlines, the entire project was designed in four months, WIF and CWRP funding was secured, and construction began late in 2010. The project construction was substantially complete and flow from Buhl was directed to the facility in December 2013. At that point the Buhl facility was decommissioned. In March 2014, flow began to be diverted

from the Chisholm facility with the subsequent decommissioning of that facility. Full operation of the CIRSSD Craig S. Pulford Wastewater Treatment Facility began with the introduction of Chisholm wastewater flow.

In compliance with the "Schedule of Construction - Mercury Treatment" in the CIRSSD NPDES Permit, the District submitted its Facility Plan for a Mercury Removal Facility prior to the March 1, 2015, deadline. Plans and Specifications were submitted to MPCA for review and approval prior to December 1, 2015. Following a competitive bid process, award and notice to proceed was given to Rice Lake Construction Group prior to April 1, 2016. The District was awarded PSIG and SRF Loan proceeds to help fund the \$5,000,000 project. Despite a four-month delay in delivery of the cloth disc filters, the District initiated operation on February 27, 2017, and attained compliance with Final Mercury Limits on March 3, 2017, before the March 23, 2017, compliance deadline.

The CIRSSD NPDES Permit includes some of the most stringent discharge limits in the state due to its discharge into the Great Lakes Basin, mandated by Federal regulation under the Great Lakes Initiative. The District is proud of the fact the facility has maintained 100% compliance with all discharge limits, including Mercury, from facility startup to date. The District is recognized annually by the MPCA through its Outstanding Operation Achievement Award.

With increasing interest from developers in residential, commercial, and industrial projects along the Hwy 169 corridor from Kinney to Buhl and Chisholm, the CIRSSD is taking a proactive approach to seek funding to design and construct conveyance system capacity upgrades in Buhl and provide additional capital facility equipment improvements and facilities for conveyance and pumping of increased flows critical to providing service to prospective residential, commercial and industrial developers along the corridor.

We appreciate this money being reinvested into our local communities and appreciate Rep. Lislegard and Sen. Hauschild for introducing this legislation.

Respectfully,



Norm Miranda
Executive Director

CC: Ryan Pervenanze, CIRSSD Board Chair and Board Members

April 15, 2024

Representative Aisha Gomez, Chair, House Tax Committee
Representative Dave Lislegard, Chair, House Property Tax Division
Senator Ann Rest, Chair, Senate Tax Committee
Senator Grant Hauschild
Minnesota State Capitol
St. Paul, MN 55155

RE: House File 5198, Senate File 5435

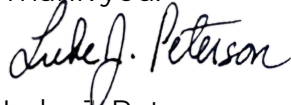
Dear Chair Gomez, Chair Rest, Chair Lislegard and Senator Hauschild:

I am writing today in support of House File 5198, Rep. Lislegard's Property Tax Division Report, and Senate File 5435 (Hauschild).

We appreciate Rep. Lislegard and Sen. Hauschild including funding for Hibbing Public Utilities for clean drinking water infrastructure in the City of Hibbing. Our drinking water project, along with all the others in this proposed legislation are very important to the communities of the Iron Range.

Our water infrastructure needs are byproduct of the mining industry here on the Iron Range as we have needed to move drinking water wells and treatment facilities to accommodate mining expansion. The funds being directed toward these projects come from taxes paid by our local mining companies in lieu of property taxes, so it is a fitting use. We appreciate this money being reinvested into our local communities on the Iron Range and appreciate Rep. Lislegard and Sen. Hauschild for introducing this legislation.

Thank you.



Luke J. Peterson
General Manager

CC: Iron Range Legislative Delegation Members



| 1405 PROGRESS PARKWAY, VIRGINIA, MN 55792 | 218.742.3901 | WWW.RRPS.ORG |

Representative Aisha Gomez, Chair, House Tax Committee
Representative Dave Lislegard, Chair, House Property Tax Division
Senator Ann Rest, Chair, Senate Tax Committee
Senator Grant Hauschild
Minnesota State Capitol
St. Paul, MN 55155

April 16, 2024

Dear Chair Gomez, Chair Rest, Chair Lislegard and Senator Hauschild:

RE: H.F. 5198, Rep. Lislegard's Property Tax Division Report & S.F. 5435

We appreciate Rep. Lislegard and Sen. Hauschild including funding for Rock Ridge Public Schools for the demolition of the former James Madison School in Virginia.

This grant will help us complete an important piece of our long-term facilities plan and will allow for the future redevelopment of this land in the City of Virginia.

This is important because past mining operations have resulted in the City of Virginia having very little (to no) land available for housing redevelopment. Our intent, upon demolishing the James Madison building, will be to sell (at very little cost) the land to the City of Virginia for their housing re-development efforts. The James Madison building itself is in poor condition – failing boilers, leaking roof, asbestos, lead in the water pipes, etc... – and I am very pessimistic we will find any buyer or developer willing to take on such a massive housing project. It is important for you to know that we have never found a willing buyer or developer to rehab or repurpose any of our school buildings. Consequently, we are demolishing them because the bare land is more valuable and important to the cities than old buildings.

We appreciate these mining tax dollars being reinvested into our local communities and appreciate Rep. Lislegard and Sen. Hauschild for introducing this legislation.

Respectfully,

A handwritten signature in black ink, appearing to read "NS", written over a horizontal line.

Dr. Noel Schmidt
Superintendent

CC: Iron Range Delegation





City of Silver Bay
7 Davis Drive
Silver Bay, MN 55614
O: 218.226.4408
F: 218.226.4068
silverbay.com

Representative Aisha Gomez, Chair, House Tax Committee
Representative Dave Lislegard, Chair, House Property Tax Division
Senator Ann Rest, Chair, Senate Tax Committee
Senator Grant Hauschild
Minnesota State Capitol
St. Paul, MN 55155

April 15, 2024

Dear Chair Gomez, Chair Rest, Chair Lislegard and Senator Hauschild:

I am writing today in support of House File 5198, Rep. Lislegard's Property Tax Division Report, and Senate File 5435 (Hauschild).

I appreciate Rep. Lislegard and Sen. Hauschild including infrastructure funding for Silver Bay in their bills. Silver Bay is a mining town that was built all at once. Because of that, our infrastructure is failing and in need of repair all at once. This funding will go a long way toward helping us replace this ageing system. We think it makes sense to use these funds for Silver Bay as the funding comes from taxes paid by our local mining companies in lieu of property taxes.

We appreciate this money being reinvested into our local communities on the Iron Range and appreciate Rep. Lislegard and Sen. Hauschild for introducing this legislation.

Thank you.

Wade LeBlanc

Wade LeBlanc
Mayor
City of Silver Bay, Minnesota

The mission of the City of Silver Bay is to make Silver Bay a great place to live, work, and visit by providing cost-effective government and services to improve the lives of those it serves.

Representative Dave Lislegard
Chair, House Property Tax Division
451 State Office Building
St. Paul, MN 55155

Senator Grant Hauschild
95 University Avenue W.
Minnesota Senate Bldg., Room 3111
St. Paul, MN 55155

April 15, 2024

Dear Chair, Lislegard and Senator Hauschild:


We are writing today in support of House File 5198, Rep. Lislegard's Property Tax Division Report, and Senate File 5435.

We appreciate Rep. Lislegard and Sen. Hauschild including funding for the Gilbert Community Center in House File 5198 and Senate File 5435.

This funding is very important to the City of Gilbert as we will use it to help with the pursuit of assisting us in building a long-needed Community Center. The funds being directed toward our project come from taxes paid by our local mining companies in lieu of property taxes. We appreciate this money being reinvested into our local communities on the Iron Range.

Thank you for your leadership and support of our community.

Mayor Tom Smith

A handwritten signature in black ink, appearing to read 'Tom Smith', written over a horizontal line.

City of Gilbert



Representative Dave Lislegard
Chair, House Property Tax Division
451 State Office Building St. Paul, MN 55155

Senator Grant Hauschild
95 University Avenue W.
Minnesota Senate Bldg., Room 3111
St. Paul, MN 55155

April 15, 2024

Dear Chair Lislegard and Senator Hauschild:

On behalf of the Mesabi Fit Coalition in Mt. Iron, I am writing today in support of House File 5198, Rep. Lislegard's Property Tax Division Report, and Senate File 5435 (Hauschild).

We appreciate you including funding for Mesabi Fit in your bill!

The Mesabi Fit Coalition's proposed project represents a pivotal opportunity to revitalize a vital community resource. The former Mesabi Family YMCA has long served as a cornerstone of our community, providing essential programs and services that promote health, wellness, and social engagement for individuals of all ages. However, over the years, the facility has faced challenges related to aging infrastructure and limited capacity, hindering its ability to meet the evolving needs of our growing population.

The proposed renovation, reconstruction, and expansion efforts promise to breathe new life into this cherished institution, ensuring that it remains a beacon of health and wellness for generations to come. By modernizing the facility and expanding its capacity, the Mesabi Fit Coalition aims to enhance access to fitness facilities, recreational programs, and educational opportunities, fostering a healthier and more vibrant community for all residents. A membership assistance program assures fully equitable access by persons/families with low incomes. Parents are supported by a modern and well-staffed child watch program. Partnership opportunities are being developed to make the facility available to schools which lack comparable facilities, children and families involved with foster care, mental health, and recovery programs, and more.

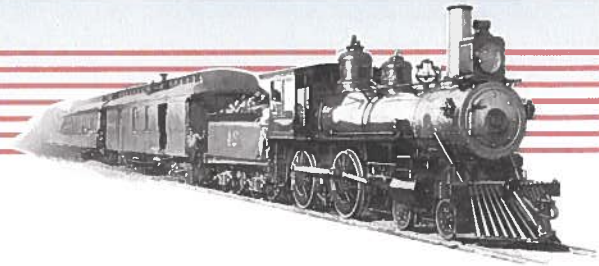
This investment will impact a broad geographic area and a wide spectrum of demographic groups. It enhances area quality of life measures with all the attendant benefits to economic development and public health.

Respectfully,

Christy Dreshar
Executive Director
Mesabi Fit

CC: Iron Range Delegation, Mesabi Fit Board of Directors

St. Louis & Lake Counties
REGIONAL RAILROAD AUTHORITY



Representative Aisha Gomez, Chair, House Tax Committee
Representative Dave Lislegard, Chair, House Property Tax Division
Senator Ann Rest, Chair, Senate Tax Committee
Senator Grant Hauschild
Minnesota State Capitol
St. Paul, MN 55155

April 16, 2024

Dear Chair Gomez, Chair Rest, Chair Lislegard and Senator Hauschild:

I am writing today to express my appreciation to Rep. Lislegard and Sen. Hauschild for including funding for the Mesabi Trail – Aurora to Hoyt Lakes Spur – in House File 5198 and Senate File 5435. This grant will help us construct this much needed spur to the very popular Mesabi Trail.

The Mesabi Trail stretches from the Mississippi River in Grand Rapids to the Boundary Waters Canoe Area Wilderness near Ely. Currently over 150 miles are finished. When totally complete, it will be a 165 mile long, continuously paved bicycle and walking trail, linking 28 communities.

This part of the project is in St. Louis County and consists of the construction of approximately 5.5 miles of paved bike trail connecting the communities of Aurora and Hoyt Lakes. The Mesabi Trail already has a paved spur route to the City of Aurora.

We appreciate these mining tax dollars being reinvested into our local communities and appreciate Rep. Lislegard and Sen. Hauschild for introducing this legislation.

Respectfully,

Bill Dahl
Deputy Director
St. Louis & Lake Counties Regional Railroad Authority

CC: Iron Range Delegation



MINNESOTA FOREST ZONE
TRAPPERS ASSOCIATION
SPORTSMEN *preserving* THE *trapping* HERITAGE

Representative Dave Lislegard
Chair, House Property Tax Division
451 State Office Building
St. Paul, MN 55155

Senator Grant Hauschild
95 University Avenue W.
Minnesota Senate Bldg., Room 3111
St. Paul, MN 55155

April 15, 2024

Dear Chair Lislegard and Senator Hauschild:

On behalf of the Minnesota Forest Zone Trappers Association in Hibbing, I am writing today in support of House File 5198, Rep. Lislegard's Property Tax Division Report, and Senate File 5435 (Hauschild).

We appreciate you for including funding for our Sportsperson Training & Development Center located in Hibbing.

The Sportsperson Training & Development Center goal is educate adults and youth about protecting, conserving, preserving, and enhancing Minnesota's air, water, land, fish, wildlife, and other natural resources, and doing so all in one location. The center will educate and train people from around the State of Minnesota, increasing their knowledge of the outdoors and teaching them skills that will help them cultivate a sustainable lifestyle and maintain a healthy and biodiverse natural environment through hunting, fishing, trapping, and other traditional and non-traditional outdoor activities including orienteering, snowshoeing, traversing, and woods skiing.

The center would include 90 RV and 24 primitive camp sites, bog walk trails, hunting & trapping training facility, educational areas, parking space, equipment/maintenance building, restroom/shower facilities and seating bleachers. Educational activities will include trapping and hunting, environmental/wetlands training, drafting training manuals and providing workshops designed to get more people involved in outdoor activities, especially youth and the activities mentioned above.

This funding is very important to our organization as we look to develop this facility and we appreciate your commitment to helping move the project along.

We appreciate this money being reinvested into our local communities on the Iron Range.

Respectfully,
Ray Sogard
President - MFZTA

PO. BOX 367 HIBBING, MN 55746



Saint Louis County

Administration • 100 North Fifth Avenue West, Room 202 • Duluth, MN 55802
Phone: (218) 726-2448 • www.stlouiscountymn.gov

Representative Aisha Gomez, Chair, House Tax Committee
Representative Dave Lislegard, Chair, House Property Tax Division
Senator Ann Rest, Chair, Senate Tax Committee
Senator Grant Hauschild
Minnesota State Capitol
St. Paul, MN 55155

April 15, 2024

Dear Chair Gomez, Chair Rest, Chair Lislegard and Senator Hauschild:

We are writing today in support of House File 5198, Rep. Lislegard's Property Tax Division Report, and Senate File 5435 (Hauschild).

We appreciate Rep. Lislegard and Sen. Hauschild including funding for the Canyon Integrated Solid Waste Management Campus; demolition of the closed public school in Hoyt Lakes; and for the Mesabi Trail – Aurora to Hoyt Lakes Spur. These projects, along with all the others in this proposed legislation are very important to the communities of the Iron Range and to St. Louis County.

As you know, the funds being directed toward these projects come from taxes paid by our local mining companies in lieu of property taxes. These efforts have no negative fiscal impact on the state's budget. We appreciate this money being reinvested into our local communities on the Iron Range and appreciate Rep. Lislegard and Sen. Hauschild for introducing this legislation.

Further, we want to thank the bill authors for including the largest increase in the Taconite Homestead Credit since it was frozen in 1998. This proposal would increase the Taconite Homestead Credit from an average of \$289-\$315 per homeowner to \$515 per homeowner and would be ongoing property tax relief for residents of Taconite Tax Relief Area.

Thank you for your time and consideration.

Respectfully,

Keith Nelson

Keith Nelson
Board Chair,
St. Louis County Commissioner
6th District

Paul McDonald

Paul McDonald
Intergovernmental Chair,
St. Louis County Commissioner
4th District



Senator Grant Hauschild

95 University Avenue West

Minnesota Senate Building; Room 3111

St Paul, Minnesota 55155

April 15th, 2024

Dear Senator Hauschild

I am writing on behalf of the veterans on the lake resort Board of directors. We Appreciate Senator Hauschild's including funding for Veterans on the lake Resort in Ely. (Senate File 5435)

This funding will help our non-profit resort provide an outdoor experience for everyone. 86% of our guests were Veterans and their families, 71% had disabilities. With these resources we can continue to remove Barriers. Our guests can go fishing, enjoy the outdoors, and take a trip to the Boundary Waters Canoe Area Wilderness.

The Ely area appreciates this money being re-invested into our local communities on the Iron range.

Thank you for your leadership and support of our community.

Eric Mayranen Chairman of Board



City Hall

316 West Lake Street
Chisholm, MN 55719

Tel: (218)254-7900 Fax: (218)254-7955

www.ci.chisholm.mn.us

Representative Aisha Gomez, Chair, House Tax Committee
Representative Dave Lislegard, Chair, House Property Tax Division
Senator Ann Rest, Chair, Senate Tax Committee
Senator Grant Hauschild
Minnesota State Capitol
St. Paul, MN 55155

April 16, 2024

Dear Chair Gomez, Chair Rest, Chair Lislegard and Senator Hauschild:

RE: H.F. 5198, Rep. Lislegard's Property Tax Division Report & S.F. 5435

We appreciate Rep. Lislegard and Sen. Hauschild including funding for the City of Chisholm in their bills. This grant will help us with much needed repairs to the Chisholm arena and curling club and the construction of a new public works facility. Both facilities are past the usable life of the building or equipment and need repair or replacement.

We appreciate these mining tax dollars being reinvested into our local communities and appreciate Rep. Lislegard and Sen. Hauschild for introducing this legislation.

Respectfully,

A handwritten signature in black ink, appearing to read "Stephanie Skraba".

Stephanie Skraba

CC: Iron Range Delegation



East Range Developmental Achievement Center, Inc.

800 A Avenue, Eveleth, MN 55734
218-744-5130 • visit us @ erdac.org

Representative Aisha Gomez, Chair, House Tax Committee
Representative Dave Lislegard, Chair, House Property Tax Division
Senator Ann Rest, Chair, Senate Tax Committee
Senator Grant Hauschild
Minnesota State Capitol
St. Paul, MN 55155

April 16, 2024

Dear Chair Gomez, Chair Rest, Chair Lislegard, and Senator Hauschild:

RE: H.F. 5198, Rep. Lislegard's Property Tax Division Report & S.F. 5435

We appreciate Rep. Lislegard and Sen. Hauschild including funding for the East Range Developmental Achievement Center in House File 5198 and Senate File 5435. This grant will help us with much-needed facility improvements.

East Range DAC is a private, non-profit agency that has been serving adults who have intellectual and developmental disabilities since 1966. We proudly provide both job training and work opportunities for over 90 employees with disabilities from the Iron Range including the communities of Virginia, Eveleth, Mountain Iron, Gilbert, Biwabik, Aurora, Hoyt Lakes, Babbitt, Embarrass, Hibbing, Chisholm, Buhl, and their surrounding areas. Our work is done at our Eveleth center and in community settings. Our Eveleth center is an aging facility, and this grant will help us with much-needed improvements.

We appreciate this grant and thank Rep. Lislegard and Sen. Hauschild for introducing this legislation.

Respectfully,

Robin Harkonen
Executive Director
East Range DAC
r.harkonen@erdac.org
(218)744-5130

CC: Iron Range Delegation



City of Biwabik

321 North Main Street
P.O. Box 529, Biwabik, MN 55708
(218) 865-4183 · Fax: (218) 865-4580

Representative Dave Lislegard
Chair, House Property Tax Division
451 State Office Building
St. Paul, MN 55155

Senator Grant Hauschild
95 University Avenue W.
Minnesota Senate Bldg., Room 3111
St. Paul, MN 55155

April 15, 2024

Dear Chair Lislegard and Senator Hauschild:

We are writing today in support of House File 5198, Rep. Lislegard's Property Tax Division Report, and Senate File 5435.

We appreciate Rep. Lislegard and Sen. Hauschild including funding for housing infrastructure and a public safety center in the City of Biwabik in House File 5198 and Senate File 5435.

This funding is very important to the City of Biwabik as we will use it to fund infrastructure improvements that are necessary for much needed housing and to fund a public safety center that houses fire, ambulance, and police services. The funds being directed toward our project come from taxes paid by our local mining companies in lieu of property taxes. We appreciate this money being reinvested into our local communities on the Iron Range.

Thank you for your leadership and support of our community.

Mayor Jim Weikum



CITY OF TWO HARBORS

522 First Avenue • Two Harbors, MN 55616
(218) 834-5631 • FAX (218) 834-2674

Representative Aisha Gomez, Chair, House Tax Committee
Representative Dave Lislegard, Chair, House Property Tax Division
Senator Ann Rest, Chair, Senate Tax Committee
Senator Grant Hauschild
Minnesota State Capitol
St. Paul, MN 55155

April 16, 2024

Dear Chair Gomez, Chair Rest, Chair Lislegard and Senator Hauschild:

RE: H.F. 5198, Rep. Lislegard's Property Tax Division Report & S.F. 5435

We appreciate Rep. Lislegard and Sen. Hauschild including funding for the City of Two Harbors in their proposal to the Legislature. This grant will help us with much needed repairs to our city bandshell and Odegard Park and trail.

The City takes great pride in our parks and trails. The repairs to the bandshell will provide for safety and accessibility for those using this popular facility for our weekly summer band concerts, dance recitals and church services. Our bandshell has been a community gathering place for many years, and these funds will assist in seeing that these traditions continue.

Improvements to Odegard Park trails and facilities will ensure that this popular park continues to be used. This park is home to softball and baseball fields, a youth soccer field, skating rink, horseshoe pits and a playground. New trails are being added in the area of this park and this funding will assist with fencing for a portion of the new trails as well as upgrades to park facilities.

Again, we appreciate Rep. Lislegard and Sen. Hauschild for introducing this legislation and including Two Harbors.

Respectfully,

Patricia D. Nordean
Administrator

CC: Rep. Natalie Zeleznikar
Rep. Roger Skraba



Minnesota Solid Waste Administrators Association | 125 Charles Avenue, St. Paul, MN 55103-2108 | www.mn-swaa.org

April 17, 2024

Re: HF5247 (Gomez) 2024 Omnibus Tax Bill

Dear Chair Gomez and Members of the House Taxes Committee:

The Minnesota Solid Waste Administrators Association (SWAA) – an affiliate of the Association of Minnesota Counties (AMC), which represents all 87 Minnesota counties— **is an organization of county and solid waste district professionals and affiliated waste specialists.** SWAA advocates for policies and funding to improve and promote responsible waste management and reduce the environmental impacts of solid waste.

SWAA appreciates the additional resources (\$1.821million) for solid waste management through SCORE funding. This appropriation will support efforts to reduce disposal and address the health and environmental impacts of solid waste.

SCORE grants provide funding for recycling programs, food waste management and prevention, composting, waste reduction and the management of problem materials including household hazardous wastes. It is also the primary state support mechanism for waste reduction efforts statewide. This funding will allow counties to invest in programs to achieve state recycling mandates in pursuit of a Zero-Waste economy.

Thank you for your recognition of this important environmental work. Should you have any questions about SCORE funding or other solid waste issues please contact Brian Martinson, AMC Policy Analyst, at bmartinson@mncounties.org or 651-246-4156.

Sincerely,

Drew Hatzenbihler
Morrison County Solid Waste Administrator
President, Solid Waste Administrators Association

April 17, 2024

Chair Gomez and Members of the House Taxes Committee:

Thank you for the opportunity to submit written testimony on HF 5247 (DE amendment), the House Tax Bill.

Minnesota Realtors® (MNR) was founded in 1919 and is a business trade association with a membership of over 21,000 real estate professionals statewide active in all aspects of the real estate transaction.

Article 7, Sections 1-2

MNR would like to share our opposition to authorizing local lodging taxes to be imposed on the services provided by “accommodation intermediaries,” defined in Minn. Stat. 297A.61, Subd. 47 as “...*any person or entity, other than an accommodations provider, that facilitates the sale of lodging.*” This provision further defines the term “*facilitates the sale*” to include “...*brokering, coordinating, or in any way arranging for the purchase of or the right to use accommodations by a customer.*”

MNR has members working in all aspects of housing, from representing buyers and sellers in the purchase of a home, to brokering the sale of lodging at vacation or short-term rentals.

MNR does not support expanding the reach of local lodging taxes to the services provided by travel intermediaries, whether they are online travel companies or local individuals working with a few vacation rental property owners.

Article 9, Sections 3-7

A Federal Reserve Bank of Chicago article from November 2023 titled, *Land Value Taxes-What They Are and Where They Come From*, concluded, “*Economists have long suggested that land value taxation is more efficient and potentially better able to encourage economic development. However, examples of U.S. communities adopting land value taxation have been relatively scarce. In part, this may reflect the difficulty of identifying the magnitude of the impact of such a tax policy change.*”

MNR does not have a position at this time on the land-value taxation districts provisions in the DE amendment, however we would respectfully ask that as the bill moves forward, more information be provided regarding how the proposed land-value taxation districts would shift the property tax burden among different parcels or classes of property, with a particular emphasis on examining the impact on homeowners.

Page 2

Thank you again for the opportunity to provide written testimony on HF 5247 (DE amendment),

Sincerely,

A handwritten signature in cursive script that reads "Paul Eger".

Paul Eger
Senior Vice President, Governmental Affairs
Minnesota Realtors®

JOEL CARLSON

Legal Research • Government Affairs

April 17, 2024

TO: Representative Gomez, Chair, House Tax Committee
FR: Joel Carlson / Expedia Group
RE: H.F. 5247 DE amendment (Article 7, Sections 1 and 2
Accommodation Intermediaries / Local Lodging Taxes

The misinformation about the application of local lodging taxes to the service fees that are earned by accommodations intermediaries has not abated. This legislature has consistently refused to change the law to make travel intermediaries subject to local lodging taxes in over 140 jurisdictions in Minnesota, and for sound policy reasons.

ACCOMMODATION INTERMEDIARIES ARE SERVICES SUBJECT TO SALES TAX

In the 2011 Special Session, the legislature defined an "accommodation intermediary" and an "accommodations provider" in statute for sales tax purposes.

Mn. Stat. 297A.61 subd. 3

Subd. 47. Accommodations intermediary. "Accommodations intermediary" means **any** person or entity, other than an accommodations provider, that facilitates the sale of lodging as defined in subdivision 3, paragraph (g), clause (2), *and that charges a room charge to a customer*. The term "facilitates the sale" includes brokering, coordinating, or in any way arranging for the purchase of or the right to use accommodations by a customer.

Subd. 48. Accommodations provider. "Accommodations provider" means any person or entity that furnishes lodging as defined in subdivision 3, paragraph (g), clause (2), to the general public for compensation. The term "furnishes" includes the sale of use or possession, or the sale of the right to use or possess.

The Department of Revenue has published several revenue notices that further define the terms to include vacation home rental operators, travel consolidators, tour operators, and any other person that facilitates the sale of lodging. ***DOR Notice #12-07 and #17-06***

Contrary to the talking points provided by proponents, a travel intermediary is not simply an online travel company (OTC).

Some accommodation intermediaries comply with the sales tax requirement but many of the thousands of travel intermediaries operating in Minnesota do not. There are over 4000 vacation home rentals in Minnesota alone, yet there are under 200 registered travel intermediaries.

ACCOMMODATION INTERMEDIARIES DO NOT PROVIDE LODGING

While the imposition of the state's sales tax was clear, the legislature never amended the local lodging tax. The local lodging tax is a "gross receipts" tax of up to 3% for the furnishing of lodging for periods of less than 30 days.

Mn. Stat. 469.190

469.190 LOCAL LODGING TAX Subdivision 1. Authorization.

Notwithstanding section [477A.016](#) or any other law, a statutory or home rule charter city may by ordinance, and a town may by the affirmative vote of the electors at the annual town meeting, or at a special town meeting, impose a tax of up to **three percent on the gross receipts from the furnishing for consideration of lodging** at a hotel, motel, rooming house, tourist court, or resort, other than the renting or leasing of it for a continuous period of 30 days or more. A statutory or home rule charter city may by ordinance impose the tax authorized under this subdivision on the camping site receipts of a municipal campground.

The "gross receipts tax" collected by the lodging facility for furnishing lodging is collected and remitted directly to the city in all but four jurisdictions in Minnesota. Each city may impose the tax by ordinance at any rate up to 3% and most also license the lodging establishments within their jurisdictions. They know each facility and can easily connect with them for tax collection. This makes great sense, as 95% of the local lodging tax is used for promotion to attract visitors. The state sales tax is not dedicated to such a purpose.

Several cities have come to the legislature to increase their local lodging tax, making them significantly higher than 3% and funding items beyond tourism promotion. Bloomington's local lodging tax is 7%, higher than even the state's sales tax. However, the legislature has not allowed local lodging taxes to be assessed against every service that takes place in their city that impacts lodging and has never amended the local lodging tax to require the thousands of travel intermediaries to become local taxpayers in each of these cities.

HOW AN ACCOMMODATION INTERMEDIARY TRANSACTION WORKS

An accommodation intermediary has an established agreement with a lodging facility to allow access to the lodging establishments reservation system so that they can market the property at a price **set by the lodging establishment**.

Once a customer books and confirms a reservation for the lodging establishment the room charge **plus** all applicable state and local lodging taxes is collected from the customer and paid to the lodging establishment. The accommodation intermediary retains their service fee

for advertising and arranging the reservation and pays state sales tax on this service fee. They never furnish lodging and therefore do not remit local lodging taxes.

Another frequent booking model allows the customer to book a room on an online travel agent site and the customer pays the lodging establishment directly. The lodging establishment and the travel agents have a set fee for the marketing service in advance, and the travel agent does not charge a customer for the room.

In either booking model, all local lodging taxes and state sales taxes are paid on the full price the consumer paid the lodging establishment for furnishing lodging. The accommodation intermediary pays a state sales tax on the accommodation service, as required by law.

IMPOSING LOCAL LODGING TAXES CREATES AN IMPOSSIBLE BURDEN

There are several practical and legal problems with the proposal to impose local lodging taxes upon non-local businesses including the cumbersome and expensive problem of administration. Unlike a locally licensed lodging establishment, local governments will have no way to identify what intermediaries are working within their jurisdictions, making uniform taxation unlikely, at best.

A large establishment might have several online or hard-line booking options, which would require significant auditing to determine. Convention booking and tour groups, vacation home rentals and sites like AirBnB arrange accommodations at different properties all over the state. Real Estate agents book short term rentals for clients routinely. All would become local taxpayers in each city, with a different tax rate and no consistent payment date.

If the city doesn't collect from each intermediary, the law would be (and probably already is) ripe for a constitutional challenge.

Minnesota Constitution, Article 10, Sec. 1

The power of taxation shall never be surrendered, suspended or contracted away. Taxes shall be uniform upon the same class of subjects and shall be levied and collected for public purposes.....

LOST OPPORTUNITIES FOR SMALL CITIES AND LODGING

An even more practical problem for Minnesota and its tourism and lodging businesses is the potential for lost bookings. This proposal will make compliance unaffordable for companies to operate or market lodging in many small cities. Some may simply refuse to market properties that have limited reservations, which benefits no one.

If you accept the proponents claim that that travel agents retain 10% of a booking for their service fee you can easily see the compliance burden this legislation creates for travel agents.

\$10,000 of bookings would generate \$1,000 of service fees. Because we would have to pay local lodging tax on the entire amount, our local lodging tax obligation would be \$30.

If a travel agent has an outstanding year for a small community and booked \$100,000 of lodging, the local lodging tax would be \$300 or about \$25 per month. The cost to calculate and remit that small amount of local lodging tax monthly far exceeds the value of the tax itself.

Accommodation intermediaries provide a free opportunity to promote local lodging facilities, which will be diminished under this proposal. The limited benefit to large metro cities comes at the expense of small properties that can't afford to market themselves. The broad distribution and the competitive marketplace the accommodation intermediaries provide benefit cities and tourism across the state.

Hopefully, the effort to limit this marketing advantage to large cities will again be rejected.

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Legal Research ~ Government Affairs
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April 18, 2024

Chair Gomez and members of the House Tax Committee:

On behalf of the 838 members of the League of Minnesota Cities, we appreciate the opportunity to offer comments on the delete everything amendment to HF 5247, the House omnibus tax bill.

Local Sales Tax General Law Changes

Article 6 makes numerous changes related to the authorization and implementation of local sales and use taxes. The League has long been supportive of some parameters establishing general authority for cities to bring local sales tax proposals to the voters without requiring the passage of a special law. The current process is opaque and changes from year to year. This kind of instability in the current process makes it unclear what proposals are likely to receive legislative approval and which ones are not. What projects are likely to receive approval changes from year to year and putting parameters around the sales tax authorization law has not streamlined the process.

Article 6 creates a relatively narrow strike zone with a complicated process that may be difficult for cities to navigate. This process could result in the legislature seeing as many special law authorization bills as they do under current law. HF 5335 would keep requirements around regionality that are open to interpretation for the state auditor to follow along with providing strict project definitions.

We would ask that the committee consider removing or revising these subjective components since they may not be as necessary with the defined project list. For the parks and trails requirements, we would ask that the committee consider requiring only the components of the 2011 Parks and Trails Legacy plan that focus specifically around regionality. While these higher level policy choices are discussed we would still like to work with the author on other small issues to ensure the bill is administrable as it moves forward.

Local Lodging Tax

The League is supportive of Article 7, Sections 1 and 2, which provide an important fix to the local lodging tax, ensuring that locally administered local lodging taxes are treated the same as state administered local lodging taxes.

Under current law, accommodations intermediaries such as online travel companies are not paying lodging taxes to cities and counties with locally administered lodging taxes on the share of the revenue they retain from an individual booking. This creates an inequity between cities and tax statutes themselves, since these online travel companies are paying sales tax on these purchases. It also creates an inequity in how lodging at the same location is taxed. If someone goes directly to a hotel website to book a room, they pay local lodging tax on the full amount of their purchase.

But that is not the case when they book through an online travel company, when only the share that the hotel retains is subject to the local lodging tax, unless it's administered by the state. Guidance from the Department of Revenue and Minn. Stat. 270c.171 make clear that these accommodation intermediaries are required to pay local lodging taxes if it is state administered. Only a handful of cities have the state administer their local lodging tax, most notably St. Paul, Minneapolis, and Rochester. This proposal

would provide that same tax treatment those select cities receive to the over 100 other cities that administer their lodging tax locally.

LGA Penalty Forgiveness

The League appreciates the provision in Article 2, Section 25 that will allow the city of Stewart to receive the balance of their 2023 LGA and Small Cities Assistance Aid. The League works closely with the Office of the State Auditor each fall to identify and work with cities that have not complied with the financial reporting requirement. This year 40 cities had their first half LGA payment withheld for being out of compliance but had reported by the time the second half payments were distributed.

Institutions of Public Charity

The League supports the language in Article 2, Section 1 that requires charitable organizations to occupy and provide services from a property in order to receive an exemption on the property if it is used to provide rental housing.

Emerald Ash Borer Grants

The League is supportive of the language in Article 9, Section 8 would create a one-time \$1 million aid to local governments to reimburse eligible homeowners for costs incurred for treating or removing trees infested with emerald ash borer since 2020. More and more cities are facing immediate costs for the identification, removal, replacement, and treatment of emerald ash borer as it spreads across the state.

Gross Receipts Tax on Amusement Devices

While the League is not concerned about exempting amusement devices from sales tax or the corresponding revenue reduction, there are concerns with the precedent that Article 2, Sections 2-3 sets. Under current law Minnesota has the same sales tax base at the state and local level, which this proposal would functionally alter by exempting these devices from local sales taxes by only having them taxed by gross receipts. Other states that have differing tax bases at the state and local level increase the burden of their administration significantly. If the legislature wishes to reduce the burden of administration for these devices specifically, it may want to consider exempting them from the state sales tax entirely.

Sincerely,



Nathan Jesson
League of Minnesota Cities



**CONSERVATION
MINNESOTA**

April 17, 2024

Chair Gomez and Members of the House Taxes Committee:

Conservation Minnesota thanks the Chair and Committee Members for the additional one-time dedication of \$1.821 million to the Solid Waste Management Account. These supplemental resources will help return a portion of the revenues from the Solid Waste Management Tax to one of its originally intended purposes – helping counties reduce solid waste through SCORE grants.

The Minnesota Pollution Control Agency uses Solid Waste Management Tax revenues for several important purposes, including County Waste Reduction and Recycling Funding, aka SCORE grants. These grants enable counties to perform one of their most important duties: reliably and safely managing waste. The funds granted through SCORE go towards recycling programs, food waste and composting, among other programs.

SCORE funding has been a critical piece of our solid waste management system since 1989, when Minnesota's SCORE laws were passed. Thanks to SCORE funding, Minnesota has refined its waste management programs to become a national leader in recycling. The diversion of some of the revenue from the Solid Waste Management Tax almost 20 years ago has left residents and counties holding the bill for the increasing burden of paying for trash and recycling services

Additionally, SCORE reporting has also helped us understand the gravity of our current waste crisis, where the sheer tonnage is no longer manageable through previous models. As has been done for three decades, counties will use the SCORE funding to develop better, more resilient waste management processes.

In this era of e-commerce and increased consumer waste and packaging, counties need SCORE funding to help their communities reduce solid waste. Our residents deserve the best waste management system we can offer, and this funding helps make that possible. We greatly appreciate your commitment to this issue through this one-time dedication.

Sincerely,
Nels Paulsen, Policy Director
nels@conservationminnesota.org

James Lehner, Policy Associate
james@conservationminnesota.org

April 17, 2024

Representative Aisha Gomez
Chair, House Taxes Committee
453 State Office Building
St. Paul, MN 55155

Re: HF 5247, Support for SCORE allocation

Dear Chair Gomez and Members of the House Taxes Committee,

The Association of Minnesota Counties, the Minnesota Inter-County Association, the Solid Waste Administrators Association and the Partnership on Waste and Energy wish to thank you, Chair Gomez, and the Committee for inclusion of a one-time additional allocation of SCORE recycling grant funding in the Omnibus Tax Bill.

Our organizations have been working with Rep. Hornstein and many others this session on increasing the SCORE funding that counties need to keep waste out of landfills and waste-to-energy facilities and meet state recycling mandates. SCORE grants provide local governments with resources to reduce waste, foster reuse and recycling, divert organics and prevent environmental pollution from landfills.

This one-time appropriation will be very helpful as counties address the ever-increasing trash quantity and toxicity challenges counties and communities face.

Thank you,



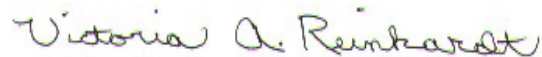
Brian Martinson
Association of Minnesota Counties



Matt Massman, Executive Director
Minnesota Inter-County Association



Drew Hatzenbihler
Morrison County Solid Waste Administrator
President, Solid Waste Administrators Association



Commissioner Victoria A. Reinhardt
Ramsey County
Chair, Partnership on Waste and Energy

April 17, 2024

Representative Aisha Gomez
453 State Office Building
St. Paul, MN 55155

Chair Gomez and Members of the House Taxes Committee:

We are writing in support of Article 1, Section 4 of HF 5247, the House Tax Bill, which would make the state tax returns of large corporations public. The undersigned groups include a wide range of public and private sector unions as well as grassroots organizations representing hundreds of thousands of Minnesotans in small businesses and communities across the state. This broad coalition is united by our concern about the rise of corporate power and corporate tax avoidance in Minnesota and in the country at large.

In recent polling, Pew Research found that more than 80% of Americans do not trust that large corporations are paying their fair share of taxes. This distrust is well warranted given recent trends in corporate taxation. The 2017 Tax Cuts and Jobs Act lowered the federal corporate income tax rate from 35% to 21%, and the resulting revenue increase that was theorized at the time never materialized. Data from the Office of Management and Budget shows that corporate profits have risen to historic levels, while revenues from the federal corporate income tax have fallen substantially. These patterns should be of concern for anyone who believes that corporations have a role to play in funding the public goods and services — such as roads, schools, hospitals, and basic utilities — on which a strong society depends.

In the face of growing wealth inequality and declining corporate income tax revenue, our groups are glad that Minnesota has maintained its commitment to fair and adequate taxation of large corporations and the wealthy. We believe that greater transparency represents an important and reasonable step towards maintaining that commitment. It requires no additional administrative burden and it will provide valuable information to policymakers by revealing where and how our current tax policies benefit certain firms or industries over others. That would be good for small- and medium-sized businesses and good for Minnesota at large.

Finally, we have noted the energetic opposition from corporate lobbying groups such as the Minnesota Chamber of Commerce. In an attempt to discredit this commonsense reform, these groups have launched baseless attacks on the legality and value of the policy. However, in Senate hearings we heard confirmation from the Department of Revenue that this policy does not conflict with federal law. Furthermore, the assertion that corporate tax data will not be useful to policymakers or advocates of a fairer tax code doesn't constitute a valid reason for secrecy. Transparency is a worthy goal in its own right and its value will only be known if enacted.

Thank you for your leadership in hearing this proposal and we hope you will consider supporting its passage into law.

Signed,

100% Campaign
AFSCME Council 5
AFSCME Council 65
Education Minnesota
Inter Faculty Organization
ISAIAH
Faith in Minnesota
LIUNA Minnesota and North Dakota
Main Street Alliance
Minnesota Association of Professional Employees
Minnesota Nurses Association
SEIU Local 284
SEIU Healthcare Minnesota and Iowa
SEIU State Council
We Make Minnesota



April 17, 2024

Rep. Aisha Gomez, Chair
House Tax Committee
453 State Office Building
St. Paul, MN 55155

Rep. Greg Davids, Republican Lead
House Tax Committee
283 State Office Building
St. Paul, MN 55155

RE: Omnibus Tax Bill HF 5247 DE Article 2, Section 5

On behalf of the Community of Minnesota Resorts I would like to thank you for including adjustments to the resort property tax tiers in the House omnibus tax bill. HF 4990 (Davids, Lislegard, Stephenson, Frederick, and Norris) is a very important proposal for the small, family-owned resort community. Like others, our homestead properties have seen significant market valuation increases and this legislation to adjust the tiers reflects that reality. The tiers have not been adjusted since 2008, so this is a needed update that is significant for our industry.

Minnesota resorts are the gateway for thousands of Minnesotans to access our 10,000 lakes. This legislation will help resorts remain viable businesses into the future. In addition to your constituents who visit our properties, our lodging facilities draw tourists from around the county and are vital attractions for local shops, restaurants, guides, and countless other businesses.

Tourism was one of the last sectors to rebound after the pandemic. Tourism and hospitality employ over 250,000 Minnesotans and generate 18% of the state's sales tax collections. We are grateful your committee has taken an interest in resorts that will enhance this uniquely Minnesota experience.

Sincerely,

A handwritten signature in blue ink that reads "Kayle Daigle". The signature is written in a cursive, flowing style.

Kayle Daigle, President
Community of Minnesota Resorts
Owner of Two Inlets Resort

cc; Joel Carlson

COMMUNITY OF MINNESOTA RESORTS

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Representative Aisha Gomez, Chair, House Tax Committee
Representative Dave Lislegard, Chair, House Property Tax Division
Senator Ann Rest, Chair, Senate Tax Committee
Senator Grant Hauschild
Minnesota State Capitol
St. Paul, MN 55155

April 15, 2024

Dear Chair Gomez, Chair Rest, Chair Lislegard and Senator Hauschild:

I am writing today in support of House File 5198, Rep. Lislegard's Property Tax Division Report, and Senate File 5435 (Hauschild).

I appreciate Rep. Lislegard and Sen. Hauschild including infrastructure funding for Silver Bay in their bills. Silver Bay is a mining town that was built all at once. Because of that, our infrastructure is failing and in need of repair all at once. This funding will go a long way toward helping us replace this ageing system. We think it makes sense to use these funds for Silver Bay as the funding comes from taxes paid by our local mining companies in lieu of property taxes.

We appreciate this money being reinvested into our local communities on the Iron Range and appreciate Rep. Lislegard and Sen. Hauschild for introducing this legislation.

Thank you.

Wade LeBlanc

Wade LeBlanc
Mayor
City of Silver Bay, Minnesota

The mission of the City of Silver Bay is to make Silver Bay a great place to live, work, and visit by providing cost-effective government and services to improve the lives of those it serves.