

100%

100% Campaign  
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April 6, 2021

Chair Marquart and Members of the Committee,

We're writing to share our support for the approach of and certain provisions within the House Omnibus Tax bill, House File 991, A21-0146 from 04/02/21.

**Minnesotans know we're better off together.** That's why we've invested, over and over, to make Minnesota better for each successive generation. This tax bill improves on that tradition. If enacted, it would not only provide sustained revenue for services that Minnesotans need, it would make our shared tax system more fair. To accomplish these twin goals, adequacy and progressivity, two provisions seem particularly important.

**Creating a Fifth-Tier Income Tax (29.1-29.28):** Adding a 11.15% rate on married individuals filing jointly who earn over \$1,000,000 annually is overdue tax policy. The COVID-19 pandemic has accelerated the trend of growing income inequality that Minnesotans have been living through for decades. It's a targeted intervention that impacts a small number of Minnesotans, roughly 21,000 households, starting only on their millionth dollar of annual earned income.

**Strengthening the Working Family Credit (35.16-37.13):** The Working Family Credit (WFC) is one important tool we have to both ensure a more fair tax code and to build the capacity of Minnesota families to thrive in the future. Governor Walz's supplemental budget includes a more robust WFC. We would encourage the committee to increase its use of the WFC to better match the Governor's proposal.

Improving families' finances is a key way we can increase the adaptive capacity of Minnesotans. But **no family can fully manage future risks on their own.** As more of us are experiencing the impacts of our changing climate, we're learning that with these increased risks come new and increased costs.

**To mitigate those risks, we need to invest in a wide array of solutions:** local climate action planning, economic development in fossil fuel plant host communities, statewide electric vehicle infrastructure, climate science research in our public universities, climate hazard and vulnerability modelling, county-level crisis preparedness, and climate resilient infrastructure, to name just a few. These are some of the urgently needed programs that would ordinarily be funded by general fund revenue.

**To invest, we need adequate and progressive revenue.** In Minnesota, we fund climate solutions in a wide variety of ways like constitutionally and statutorily dedicated revenues, utility cost recovery programs, bonding, and local revenue solutions. Each of these sources are critical, but none of them, on their own, are adequate. This bill helps protect our state's financial future.

**We should not overestimate the strength of the state's fiscal position.** According Minnesota Management and Budget's February Forecast, our state has only a \$260 structural balance. A carryforward balance from the previous FY 20-21 based, certain pandemic-caused spending decreases, and one-time federal relief payments have inflated our current surplus. The House Tax Omnibus bill

does a good job recognizing and responding to this situation by ensuring that we sustain new revenues into FY 22-23.

Thank you for your time and consideration,

A handwritten signature in black ink, appearing to read "Chris Conry". The signature is fluid and cursive, with a long horizontal stroke at the end.

Chris Conry  
Campaign Director  
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