



February 18, 2021

Representative Paul Marquart
Chair, House Taxes Committee
597 State Office Building
100 Rev. Dr. Martin Luther King, Jr. Blvd.
St. Paul, MN 55155

Dear Chair Marquart and House Tax committee members:

Thank you for the opportunity to comment on House File 991, Governor Walz's tax proposal. We appreciate that the governor's budget proposes to carefully use one-time resources, such as the state's budget reserve, and enact state tax increases focused on those with the greatest resources. This increase in resources is needed to fund essential actions to respond to the pandemic and hardship caused by the economic downturn, protect existing community and public services that Minnesotans count on, and build the more equitable recovery Minnesotans deserve.

As a nonprofit association of over 2,000 member organizations from across the state, we have seen how our members have risen to address the challenges of our times, often in partnership with the public sector, and we have seen the powerful impact of our combined actions. This moment has called on us all to respond to a public health emergency unlike any in our lifetimes, deep and unequal economic disruption, and a long overdue reckoning with Minnesota's stark racial disparities.

Minnesota is a state of abundance, and we know the path to a stronger, more equitable recovery is through greater investment in the health, well-being, and economic stability of all Minnesotans. When we fully take into account what our communities need to thrive, it's clear that the gap between state revenues and the investments needed is real and growing. It makes sense for those with the greatest resources to contribute to support the bold action needed today and a more equitable recovery tomorrow.

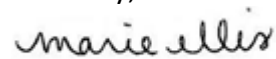
It's a high priority for our members that the state not rely on budget cutting as a solution to the state's revenue shortfalls. Like the state, the nonprofit sector has been significantly impacted by the pandemic. A majority of [nonprofits responding to a recent MCN survey](#) reported ongoing disruption to their organizations' operations, and a significant portion of respondents reported an increased demand for their services, as well as epic uncertainty about funding, in particular from individual donors and government agencies.

Nonprofits do not wish to repeat the experience of the 2000s, when many nonprofits were deeply impacted by state budget cuts, and our sector was asked to respond to greater demand for services with a shrinking pool of resources. We also saw the impact of budget cuts on the communities we serve, and how deep cuts in services left Minnesotans without what they needed to get through tough times.

We recognize how the pandemic has further spotlighted the systemic barriers to opportunity that have kept too many Black, Indigenous, and people of color (BIPOC) Minnesotans, as well as Minnesotans in rural communities, from fully participating in this state's prosperity, and the importance of making new and bolder investments today to close those gaps.

We look forward to an ongoing conversation with the committee about tax and budget choices that make it possible for Minnesota's nonprofits to achieve their missions, strengthen their communities, and build a state where everyone can thrive. Please contact me if there is any additional information we can provide.

Sincerely,

A handwritten signature in cursive script that reads "marie ellis".

Marie Ellis
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The Minnesota Council of Nonprofits is an association of over 2,000 nonprofit members from every part of the state and every area of nonprofit activity.