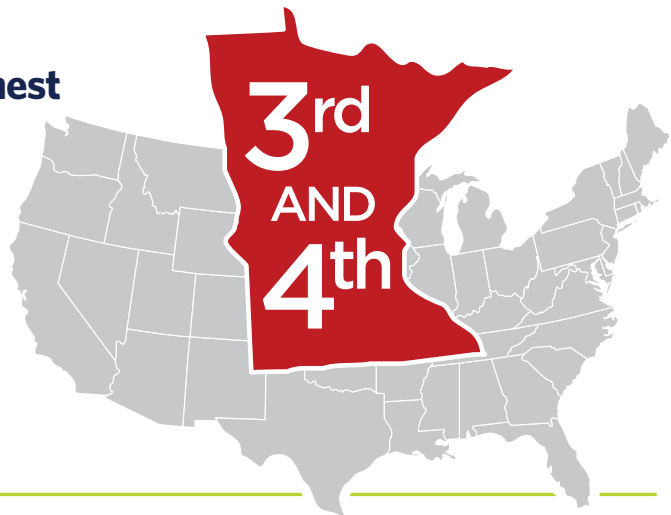


# Tax Reform: Our chance to grow Minnesota jobs and economy

Federal tax conformity provides a unique opportunity to enact pro-growth tax reforms that will improve Minnesota's competitiveness, enhance our business climate and remove headwinds to economic growth. The adoption of new federal tax definitions will broaden the state tax base increasing state income taxes for many Minnesota taxpayers unless other tax reforms are enacted. Policymakers should offset those tax increases by reducing uncompetitive taxes that undermine investment, entrepreneurship, innovation and talent recruitment and retention in Minnesota.

**Minnesota is in the top five highest tax rates for both corporate and individual income taxes and Minnesota's highest tax rates kick in at a much lower income.**

- Corporate Tax Rate 9.8%**  
**- 3rd highest in the nation\***
- Individual Income Taxes 9.85%**  
**- 4th highest\***



**Economic research has found that high tax rates negatively impact investment, wages, entrepreneurship, talent retention and recruitment – the very items needed for a strong and growing economy.**

- New firm employment is negative and disproportionately impacted from state corporate tax rates – for every 1% increase in corporate rate, employment in start-up firms declined by 3.7%.
- State individual income taxes negatively affect both high-level scientific talent and pass-through formation and employment levels.
- The recent federal tax changes make state tax rates even more impactful.
- Rate reductions will benefit all taxpayers and job creators of all sizes and in all industries.
- A corporate tax rate reduction will reduce a regressive tax that is ultimately paid by consumers, employers and investors.

## COSTS MATTER

**In a recent business survey, 40% of businesses are considering growing their business outside of Minnesota or leaving Minnesota**



**(35.4% staying in Minnesota and growing elsewhere and 5% leaving Minnesota).**

**Of those, 54% cited lower taxes as a top factor.**



## The Legislature must act

- Reduce corporate and all four individual income tax rates with goal of getting Minnesota out of top five highest tax rate states.
- Fully conform to Section 179 business expensing provisions to encourage investment in Minnesota operations by small businesses and farmers.
- Enact other reforms to enhance Minnesota's competitiveness and reduce complexity and compliance costs including eliminating the corporate alternative minimum tax and conforming to federal estate tax threshold.



Albert Lea-Freeborn County Chamber of Commerce  
Alexandria Lakes Area Chamber of Commerce  
Apple Valley Chamber of Commerce  
Associated Builders and Contractors  
Austin Area Chamber of Commerce  
Bemidji Area Chamber of Commerce  
Brainerd Lakes Area Chamber of Commerce  
Builders Association of the Twin Cities  
Building Owners & Managers Association (BOMA) St. Paul  
Burnsville Chamber of Commerce  
Cloquet Area Chamber of Commerce  
Cuyuna Lakes Chamber of Commerce  
Dakota County Regional Chamber of Commerce  
Duluth Area Chamber of Commerce  
Eden Prairie Chamber of Commerce  
Elk River Area Chamber and Commerce  
Faribault Area Chamber of Commerce & Tourism Bureau  
Fergus Falls Area Chamber of Commerce  
Grand Rapids Area Chamber of Commerce  
Greater Mankato Growth, Inc.  
Greater Minneapolis Building Owners and Managers Association  
Hastings Area Chamber of Commerce & Tourism Bureau  
Hibbing Area Chamber of Commerce  
Hospitality Minnesota  
Insurance Federation of Minnesota  
International Falls Area Chamber of Commerce  
Iron Mining Association of MN  
Lake City Area Chamber of Commerce  
Lakeville Area Chamber of Commerce & CVB  
Laurentian Chamber of Commerce  
Litchfield Chamber of Commerce  
Marshall Area Chamber of Commerce  
Medical Alley Association  
Metalcasters of Minnesota  
MetroNorth Chamber of Commerce  
Midwest Food Processors Association  
Minnesota AgriGrowth Council  
Minnesota Bankers Association  
Minnesota Beverage Association

Minnesota Business Partnership  
Minnesota Chamber of Commerce  
Minnesota Chamber of Commerce Executives  
Minnesota Forest Industries  
Minnesota Grocers Association  
Minnesota High Tech Association  
Minnesota Milk Producers Association  
Minnesota Nursery & Landscape Association  
Minnesota Pork Producers Association  
Minnesota REALTORS  
Minnesota Recruiting and Staffing Association  
Minnesota Retailers Association  
Minnesota Shopping Center Association  
Minnesota Ski Areas Association  
Minnesota Society of CPAs  
Minnesota Trucking Association  
Minnesota Utility Investors  
Minnesota Mechanical Contractors Association  
Minnesota Precision Manufacturing Association  
National Federation of Independent Business  
New Ulm Area Chamber of Commerce  
Owatonna Area Chamber of Commerce & Tourism  
Pipestone Area Chamber of Commerce & CVB  
River Heights Chamber of Commerce  
Rochester Area Chamber of Commerce  
Shakopee Chamber & Visitors Bureau  
SouthWest Metro Chamber of Commerce  
St. Cloud Area Chamber of Commerce  
The Chamber Grand Forks & East Grand Forks  
Tri-State Manufacturers' Association  
Twin Cities North Chamber of Commerce  
TwinWest Chamber of Commerce  
Waconia Chamber of Commerce  
White Bear Area Chamber of Commerce  
Willmar Lakes Area Chamber of Commerce  
Winona Area Chamber of Commerce  
Woodbury Area Chamber of Commerce  
Worthington Area Chamber of Commerce



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