

# TAX RELIEF IN THE 2016 SESSION COSTS MATTER

## Business Property Tax Relief



### TALKING POINTS

December 2015

Look at your total Minnesota business property taxes. Calculate how many widgets/pancake breakfasts/etc. need to be sold per month just to pay business property taxes.

#### Minnesota imposes a high cost burden on employers with the following rankings:

- MN ranks 48th worst in 2015 Small Business Tax Index from Small Business and Entrepreneurship Council
- MN ranks 47th worst in 2014 Small Business Policy Index from Small Business and Entrepreneurship Council
- MN ranks 47th worst in 2016 Business Tax Climate from Tax Foundation behind NJ, NY, and CA
- MN ranks 31st (#1 is best) in 2015 CEO Magazine best state for business – high taxes and regulations were listed as a big concern.

#### Minnesota is a great place to live and work but there are challenges as our business costs continue to worsen.

- Our tax rankings are among the worst in the nation in many categories.
- Businesses continue to rank taxes as one of top barriers to growth in Minnesota.
- If want to ensure a strong and growing economy – need to improve this high cost of doing business in the state.
- This is a non-budget year and all the budget bills have been completed. What was not completed was a tax bill and new transportation funding solution.
- Minnesota is projected to have a budget surplus of over \$1.2 billion. This provides opportunity to provide business tax relief and invest in key infrastructure needs.

#### Ask Legislators to enact meaningful business tax relief in 2016 session. Top priority is business property tax relief!

- Enact meaningful business property tax relief by removing the automatic tax inflator and by lowering the statewide property tax levy.
- Minnesota's business property taxes rank 2nd highest in rural and 6th highest in metro.
- This is a large fixed cost of business that is over 200% above some neighboring states and over 90% above national average.
- Lowering this tax would benefit ALL businesses – both small and large, rural and metro.
- We oppose market value exclusions and class rate changes that will result in shifting tax burden from some businesses to other businesses. Many small businesses and start-ups are tenants in larger valued properties. Most lease arrangements require tenants to pay their pro rata share of property taxes (triple net lease). These small and mid-sized business tenants will benefit from property tax decreases but will also pay for property tax increases. Although these market value exclusion proposals have the goal of targeting tax relief to small businesses that will not be the result as some small businesses especially those in larger facilities will have a larger share of the property tax burden. A better approach is to lower the overall statewide property tax levy which will provide a more equitable tax reduction for all business property taxpayers and avoid shifts and the creation of winners and losers.