

**Penta** Policy Insiders

# Minnesota Insights Review

Taxation

June 2023  
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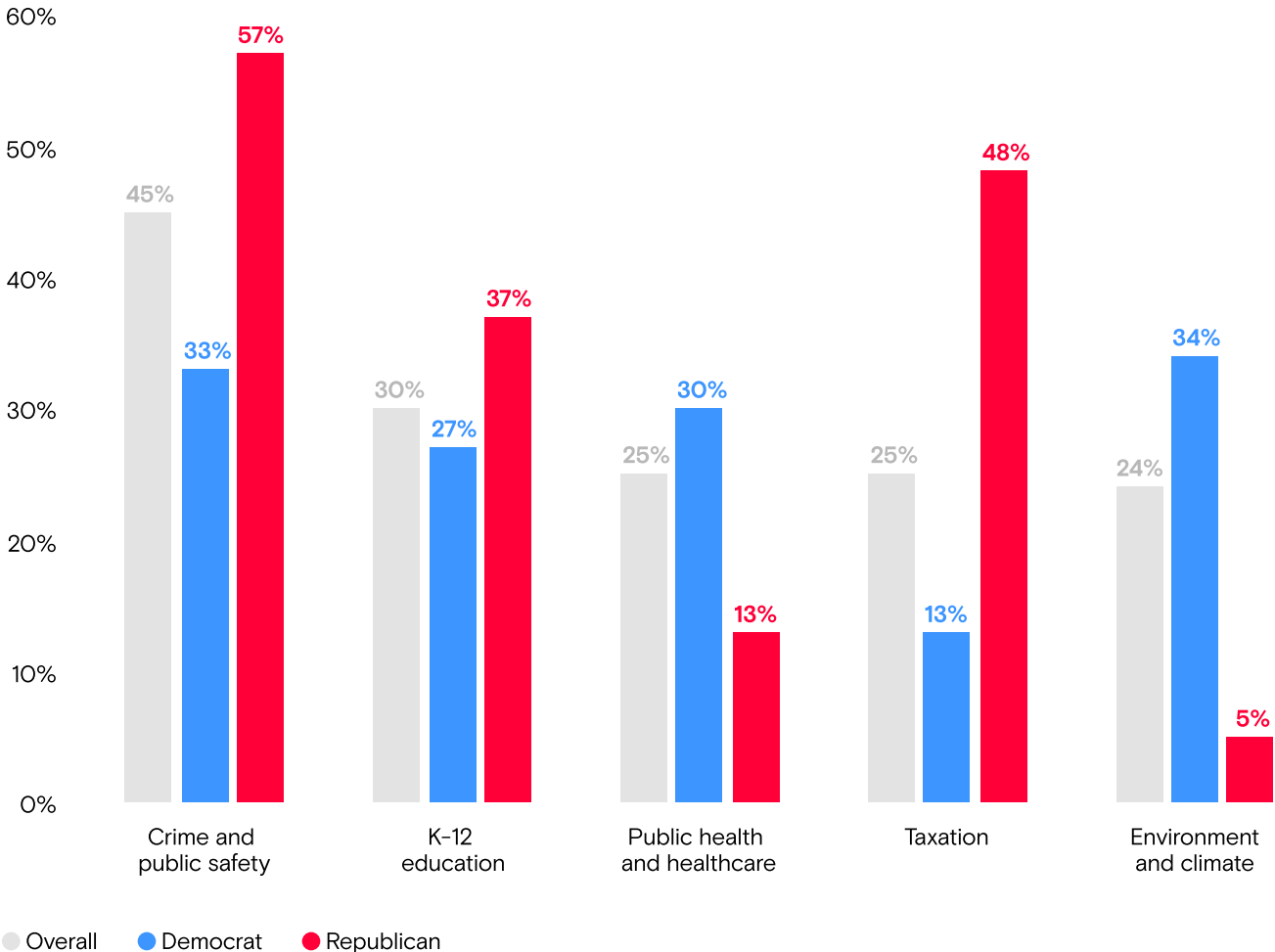
# Executive summary

We are delighted to share our findings from this year’s Minnesota Insights Review. From June to December 2022, we interviewed over 219 policymakers in Minnesota to find out what their top policy priorities are, as well as the main challenges communities are facing across the state.

Minnesota policymakers we spoke to detail a variety of challenges facing neighborhoods across the state including crime, K-12 education, public health, taxation, and the environment. At the top of policy leaders’ minds are crime and public safety, with almost half of all policymakers – 45 percent – reporting these as their main concerns. This focus on public safety comes in spite of recent data showing a downward trend in violent crime in the state’s largest city, Minneapolis.<sup>1</sup> The third highest-ranked priority for policy staff is taxation, with 25 percent of policymakers across policy lines saying it is a top policy priority.

This report is the fifth in a series that examines Minnesota policymakers’ top policy priorities for 2022. This review examines taxation in the state.

## Top policy priorities in Minnesota



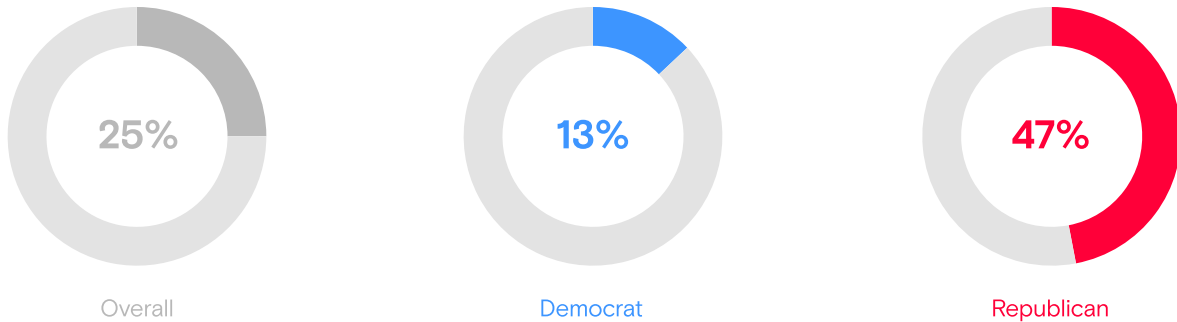
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## Minnesota deep dive

# Taxation

Taxation is a top priority among Republican policymakers in Minnesota, with 47 percent of Republicans reporting taxation as a priority compared with only 13 percent of Democrats. Republican policy leaders believe the state needs to reduce the tax rate in order to incentivize business growth and encourage private-sector companies to do business in the state.

### Taxation priority ranking by party



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## Improving tax policy is a priority for Republican policymakers



The biggest policy [issue] looking at tax policy, [is] **shrinking taxes on Social Security**. That's probably some of our biggest [tax policy] work.

**Representative, Minnesota House of Representatives, R**

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It's fun for some groups to demonize business and say, "Oh, they're just corporate greed... Well, right now government makes more money out of a gallon of gas than the oil companies do. **So why don't they just cut taxes on gas if we want to lower the price, not go after the business?**

**Representative, Minnesota House of Representatives, R**

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## Incentivizing business growth through lower taxes

Republican policymakers in Minnesota express that the key to strengthening the state's economy and incentivizing business growth is to lower taxes. Some Democrats, on the other hand, say the current tax system is working for businesses – particularly when it comes to Minnesota's zero sales tax policy.

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**Minnesota is such a high tax-base state. I think we've got to come to a reckoning on that, try to correct that problem, get these taxes lowered in this state and in this community. We've [also] got to draw more high tech here, businesses that pay well to continue on with – spur of growth on in these communities.**

**Mayor, Minnesota Municipality, R**

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**Our biggest policy goal will be to stop any tax increases, stop any more regulatory increases... they're really stifling the ability to grow jobs and grow manufacturing here in our state.**

**Representative, Minnesota House of Representatives, R**

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In the past, things like tax policy [have been] a big deal, especially where state taxes in Minnesota are going to differ from other places. **Minnesota is a state that does not put a sales tax on clothing...** and so, when discussions have come around about – should we extend our sales tax to clothes but then offset that by reducing other forms of tax rates around the state – **the general preference from retailers has been to say 'no, keep sales tax gone, it's a draw for us. It helps us attract business here to our stores.**

**Representative, Minnesota House of Representatives, R**

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## Conclusion

While over a quarter of all policy staff we interviewed in Minnesota say improving tax policy is a priority, Republican policy leaders particularly emphasize the need for tax policy reform, with almost half of Republicans saying it's a top-of-mind concern. Republican policy staff say lowering the tax rate is crucial to encouraging economic growth in Minnesota.

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## About Penta Policy Insiders

Penta Policy Insiders provides direct feedback from policymakers to government relations professionals, improving advocates' ability to understand, validate, and improve the efficiency and effectiveness of their engagement.

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### Citations

1. <https://www.minneapolismn.gov/government/government-data/datasource/crime-dashboard/>

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