

We are united for Minnesota jobs

By Doug Loon

The Minnesota Chamber of Commerce network works every day to strengthen our state's business environment. We have the opportunity to take a significant step forward with the state's general fund surplus that has grown to nearly \$2 billion.

Our goal is to help all businesses be competitive no matter their size, type or location. The Minnesota Chamber, as leader of the United for Jobs Coalition, encourages policymakers to use the surplus to best position Minnesota for a strong economic future. Our No. 1 priority for the 2016 Legislature is to reduce the statewide business property tax levy. The surplus also offers opportunity to provide strategic investments in our state's aging transportation infrastructure system.

Minnesota businesses face a variety of challenges in today's global economy. There is no single fix. But year in and year out, employers identify taxes as a key barrier to creating and retaining jobs in Minnesota.

The statewide business property tax is especially onerous. Unlike homeowners and most other properties that pay only local property taxes, businesses also pay the state levy that goes into the general fund. This levy is about one-third of a business property tax bill.

"Business" taxes are really a misnomer. Few businesses can continually absorb higher costs and remain competitive. Higher taxes are ultimately paid by consumers in higher prices for goods and services. Higher taxes limit what's available for employee raises, reinvestment in the business, expansion and potential job growth. Higher taxes limit contributions to a variety of worthwhile community projects.

Reducing the regressive statewide business property tax will help all businesses – large and small, rural and metro – whether they own property or are a tenant. All companies must pay this fixed cost, regardless of whether they post a profit or loss.

Most troubling is that the assessment is on autopilot, increasing each year by the rate of inflation. The original levy in 2002 generated \$585 million, and it is now more than \$860 million annually.

Minnesota business property taxes are higher than most states – a lot higher. They rank second highest in the nation for rural properties and sixth highest for metro properties. Some Minnesota business property taxes are 90 percent above the national average and exceed some of our neighboring states by more than 200 percent.

We hear the pushback that reducing the business property tax will help only the corporate giants. That's simply false and uninformed. All employers pay the tax whether their balance sheet is positive or negative. The cost hits especially hard on newer and start-up businesses that are trying to establish their product or service. That's worrisome. The more expensive we make it to do business, the greater the risk to Minnesota where we rely on a homegrown economy. Our statewide property tax screams to

entrepreneurs: "Innovate or start somewhere else." Minnesota's "top 10" ranking in property taxes is the wrong signal to send to our entrepreneurs.

Our drive to reduce this tax is bolstered by the statewide coalition. United for Jobs represents 75 local chambers and businesses, and we are growing. You can support our efforts, too, by contacting Jennifer Byers at jbyers@mnchamber.com.

Let's not miss this opportunity to strengthen Minnesota businesses.

Doug Loon is president of the Minnesota Chamber of Commerce – www.mnchamber.com