Minnesota AFL-CIO Sample Caucus Resolution

PROTECTING PROGRESSIVE REVENUES

BE IT RESOLVED: That the _____ party urge the Minnesota Legislature to refrain from giving costly handouts to corporations and CEOs in the form of tax breaks, undermining the ability to make much needed investments in transportation, all levels of education, paid family leave, and broadband now and in the future; and

BE IT RESOLVED: That the _____ party encourage the Minnesota Legislature continue to support an overall progressive revenue system in Minnesota and not pass harmful tax policies such as completely exempting social security benefits from the income tax or repealing the statewide property taxes, both of which would have a devastating effect on future budgets.

Talking Points:

- Due to progressive tax policies passed in 2013 and 2014, the distribution of state and local taxes in Minnesota is now fairer across all income levels. The share of income that the highest-income Minnesotans pay in state and local taxes has gotten closer to what low- and middle-income Minnesotans pay, although it is still lower than the average.

- Minnesota is currently enjoying a surplus because of our more progressive tax policies - but the push to cut taxes for corporations and CEOs is once again being used as a "bargaining chip" in exchange for meaningful, sustainable investments for more pressing needs of our state, such as transportation, paid family leave, and all levels of education from Pre-K to Higher Ed.

- It is estimated that last session's House tax bill had a cost of over **$4 billion** when all tax cuts were phased in – the two largest provisions being the elimination of the statewide property tax and expanding the exemption for Social Security benefits.

- Social Security benefits are already exempt for the lowest-income seniors, and at least 15 percent is exempt for everyone. Since lower-income seniors already have a full or partial exemption. The largest tax cuts from this provision will go to high-income seniors. It's estimated that when the provision is fully in effect, **41 percent of the tax cuts would go to households with adjusted gross incomes over $100,000**. These households would receive tax cuts averaging about $1,500.

- Eliminating the statewide property tax has an estimated cost of $2 billion when fully eliminated. Unlike most property taxes, which fund local government services, the statewide property tax is a state revenue source.

- Phasing in a tax cut over five or more years does *not* lower its cost. It just shifts the full cost outside of the budgeting window. That means that policymakers and the public do not have good information about their full cost to determine whether those tax cuts are sustainable.

- Putting their full effect years into the future hides the cost of these tax cuts from the inevitable trade-offs that will have to be made to pay for them – whether that is cuts to education funding, health care or other critical public services, or raising other taxes.