

FACT SHEET | A Fair Tax Plan

Budget for a Better Minnesota

Minnesota's improving economy, and the fair and balanced budget signed into law by Governor Dayton in 2013 have helped turn a \$6 billion deficit into a \$1.2 billion surplus. This new surplus allows lawmakers to extend additional tax relief to Minnesotans this year. This session, the Governor is proposing \$616 million in tax relief for middle class families and Minnesota businesses. These new tax cuts would benefit seniors, farmers, teachers, working families, and small businesses.

Reducing Taxes for Middle Class Minnesotans

- **Tax Relief for Married Couples.** More than 650,000 married couples would save an average \$115 per year under the Governor's plan to eliminate the "marriage penalty."
- **Tax Relief for Working Families.** Under the Governor's tax plan, 13,000 more middle class families would qualify for the Working Family Tax Credit, and 40,000 would receive an increased credit. These families would save an average \$334.
- **Tax Relief for Day Care.** By expanding tax credits for child care, the number of families benefitting would increase from 36,000 to 170,000. The average tax benefit would increase \$430 per year.
- **Tax Relief for Students.** The Governor's tax plan would provide 285,000 recent college graduates up to \$190 per year by deducting their student loan interest. Another 40,000 current college students and parents would receive a tuition deduction of \$140 per year, on average.
- **Tax Relief for Small Employers.** Small businesses would be able to offer their employees tax-free tuition and adoption assistance. The Governor's tax plan would also simplify small business taxes by eliminating requirements to maintain separate records for federal taxes.
- **Additional Tax Relief.** The Governor's plan for middle class tax relief would also help seniors, teachers, and homeowners. More information at <http://mn.gov/governor>.

Reducing Business Taxes

- **Electronic, Farm and Commercial Equipment Repair Tax.** The Governor's tax plan would eliminate sales taxes on repair and maintenance of electronic and commercial equipment. This includes repair and maintenance of farm equipment.
- **Warehousing and Storage Services Tax.** The Governor's plan would eliminate the warehousing sales tax that is set to take effect on April 1, 2014.
- **Telecommunications Equipment Tax.** The Governor's plan would eliminate sales taxes on telecommunications equipment.
- **Angel Investor Tax Credit.** The Governor's tax plan would offer \$15 million more in tax credits for startup businesses and entrepreneurs. A recent report showed this tax credit has already created 500 new jobs and spurred over \$100 million of new private investment in Minnesota's economy.

Simplifying the Estate Tax & Eliminating the Gift Tax

- **Eliminating the Gift Tax.** The Governor proposes eliminating the gift tax, in order to be more competitive with other states. Only one other state has a gift tax.
- **Simplifying the Estate Tax.** The Governor's plan would simplify the estate tax and raises the exemption from \$1 million to \$2 million – the first exemption increase in over a decade.