

# FACT SHEET | **Simpler Taxes**

*Better Government for a Better Minnesota*

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The middle class tax cuts signed into law by Governor Dayton this session are saving taxpayers time and money by making taxes simpler for more than 1 million middle class Minnesotans – including families, students, farmers, and thousands of small business.

## Taxes Made Simpler

- **Making Taxes Simpler.** The middle class tax cuts signed by Governor Dayton are making taxes easier to understand and simpler to manage for 1 million Minnesotans, and thousands of Minnesota businesses. These reforms are building on previous efforts already underway at the Minnesota Department of Revenue to make filing taxes simpler and more efficient for Minnesota taxpayers.
  - **Example:** Before overhauling Minnesota’s online system to file and pay taxes, the Department of Revenue tested the system with real users, and used their feedback to make improvements. Before any changes were made to the website, one Minnesota taxpayer took over 12 minutes to cancel a payment in the system. After the changes, that same person completed the task in just 45 seconds – a 93% improvement.
- **Matching Federal Deductions.** The legislation signed by the Governor eliminates the marriage penalty tax, eliminates the gift tax, reforms estate taxes, expands Minnesota’s working family tax credit, and creates new deductions for childcare and student loan interest. These reforms are saving Minnesotans time when they are filing their taxes because they will match federal deductions.
  - **Examples:** Recent graduates can get a tax break by deducting their student loan interest, saving them up to \$190 per year. An estimated 40,000 taxpayers will get an increased tuition deduction worth an average of \$140 per year. Some students will be able to exclude scholarship money from their income.
- **Reducing Paperwork for Small Businesses.** The tax cuts signed by Governor Dayton eliminate the need for small businesses to keep separate state and federal tax records by matching Minnesota’s tax code with federal taxes.
  - **Examples:** Previously, restaurants had to keep two sets of records for as long as 29 years. Under the new law, they only need a single set of books. Also, small businesses were previously required to keep Unemployment Insurance tax records for eight years. The legislation signed by the Governor cut that time in half, to just four years.