

# FACT SHEET | Cutting Taxes for Minnesota Families

## *An Opportunity Agenda for a Better Minnesota*

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Minnesota's economy is strong and growing, with more than 255,400 jobs added over the last six years and one of the best and most productive workforces in the world. And Minnesota has been consistently ranked as one of the best states in the nation to do business. Despite that progress, too many people are still struggling to get ahead, and some regions of the state are still facing high unemployment and stagnant wages. That is why Governor Dayton is committed to cutting taxes for over 450,000 Minnesotans – to keep more money in your pockets and our Main Street businesses and expand opportunity for everyone, everywhere in Minnesota.

### **Cutting Taxes for Minnesota Families**

- **Cutting Taxes for Minnesotans** – Governor Dayton has proposed tax cuts that would benefit working and middle class Minnesota families, by cutting state taxes to match federal changes, and putting \$93 million back in the pockets of hardworking taxpayers through the Working Family Credit. Over 372,000 families would see more money on their bottom line under the plan from Governor Dayton.
- **Making Child Care More Affordable** – Child care costs Minnesota families over \$10,000 per year for each child, on average, among the highest in the country. But under current law, only 33,000 Minnesota families are eligible to receive tax breaks for child care. Governor Dayton's proposal would expand eligibility for these tax credits to a total of 95,000 Minnesota families, providing \$60 million in tax cuts. 75,000 families would save an additional \$379 per year.

### **Cutting Taxes for Farmers and Improving the State's Water Quality**

- **Cutting Property Taxes for Minnesota Farmers** – Farm property taxes in Minnesota have increased 114 percent in the last decade. This problem has been compounded by low commodity prices and high agricultural land values. To help relieve property tax burdens on Minnesota farmers, Governor Dayton has proposed a credit worth \$34 million for owners of agricultural property equal to 40 percent of their property taxes attributable to school district debt levies.
- **Eliminating Taxes for Inherited Farmland** – Governor Dayton's proposal would get rid of taxes paid on inherited farmland, if the government decides it needs the land through eminent domain.
- **Protecting & Improving Water Quality** – Governor Dayton has proposed a program to provide farmers and other agricultural landowners \$40 per acre each year for five years for each tillable acre converted to a water quality buffer strip to protect and preserve Minnesota waters. Governor Dayton has also proposed \$10 million in ongoing aid to help counties and watershed districts implement riparian protection and water quality practices.

### **Strengthening Minnesota Communities and Businesses**

- **Essential Community Services** – Minnesotans rely on their municipal and county governments to provide essential services like police and fire protection. But Minnesota cities and counties have struggled to recover from a decade of state funding cuts, causing local governments to raise property taxes to pay for these vital public services. Governor Dayton has proposed a \$30 million investment to support these important community services and relieve the burden on Minnesota property owners.
- **Investing in 21<sup>st</sup> Century Classrooms** – All Minnesota students need a world-class education, no matter where they live. However, in school districts without high-value land, the burden of paying for modern schools can fall disproportionately on just a few businesses, farms, or homeowners. Governor Dayton has proposed a \$62 million investment over four years to help school districts repay school bond levies without overly burdening private property owners.
- **Madelia Fire Aid** – In February 2016, nearly a dozen businesses were affected by a fire that devastated Madelia's Main Street. Governor Dayton is proposing \$31,000 for the city of Madelia and \$15,000 to

Watsonwan County per year for the next 20 years to help make up for the loss in the property tax base due to the Madelia fire. This proposal would also provide a sales tax exemption for construction materials and equipment used to construct or replace property affected by the fire.

- **Sales Tax Exemptions for Charities** – Some federally recognized charities must still pay state sales tax for some purchases under current Minnesota law. Making sure their purchases aren't taxed will reduce the burden on charities as they work to strengthen and support Minnesota communities. Governor Dayton's proposal would allow 1,700 more charities to qualify for this exemption, providing tax relief for those expanding opportunities for more Minnesotans.
- **Cutting Paperwork, Growing Businesses** – Governor Dayton's proposal would simplify the paperwork required to file for the Research and Development Tax Credit, making it more accessible to Minnesota businesses. This credit covers Minnesota businesses for a portion of their investments in innovative research, giving a boost to Minnesota's cutting-edge economy.
- **A Level Playing Field for Minnesota Businesses** – Minnesotans work hard and play by the rules, and they expect a level playing field. Governor Dayton is proposing a series of reforms to close corporate tax loopholes that provide some businesses with special tax benefits not afforded to small businesses and working Minnesotans. The Governor's Tax Bill would level the playing field for working Minnesotans and small businesses by eliminating loopholes and tax avoidance strategies.

### **Tax Cuts for Families and Farmers – By the Numbers**

Governor Dayton is proposing tax cuts for 450,000 hard-working Minnesota families. These tax cuts would improve incomes for ordinary Minnesotans by keeping more in their pockets. Here is how those savings break down:

<b>372,000</b>	372,000 Minnesota families would now be eligible or see an increase in the Working Family Tax Credit under the plan, with eligible families receiving an additional \$124 each on average
<b>95,000</b>	95,000 Minnesota families would be eligible for child care cost relief under the Governor's plan
<b>35,000</b>	35,000 college students and their families paying for higher education tuition would see a total of \$4.3 million in tax breaks under the plan
<b>70,000</b>	70,000 Minnesota teachers will be eligible for a tax deduction for the books, crayons, and other essential classroom materials they purchase, totaling \$4 million in tax savings for Minnesota teachers under the plan
<b>\$17.4 million</b>	Homeowners who refinanced their homes or went through a short sale would see a total tax cut of \$17.4 million under the plan
<b>73,000</b>	73,000 homeowners who pay mortgage insurance premiums for their qualified residence would see tax breaks totaling \$11.6 million under the plan
<b>53,000</b>	53,000 landowners would be eligible for enrollment in the Governor's Buffer Aid Payments
<b>40 percent</b>	The Governor has proposed a credit for owners of agricultural property equal to 40 percent of their property taxes attributable to school district debt levies