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Greetings from the Capitol,

The Omnibus Bills are being debated on the House Floor this week. They're leaving no taxpayer behind and they're finding even more ways to grow government.

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1. Hang On To Your Wallets (Part 2)

The Tax Bill came out this week and changed slightly. Here is the most up-to-date information on what ways they'll try to get more money out of your wallets.

They want to raise the income tax rate on every tax bracket. Their plan is to raise the income tax rate on the lowest bracket, which makes \$33,220, from 5.35% to 6%. For families that make \$33,220, but not over \$131,970 the tax rate would jump from 7.05% to 7.7%. For those families making more than \$131,970, they currently pay a 7.85% tax rate that would jump to 8.5%. On top of that, they're creating a new tax bracket of 9.2% on families that make over \$250,000 a year.

They are going to raise your taxes by taking away the mortgage interest tax deduction. This deduction is what helps keep families in their homes. By making homes even less affordable we will be putting more weight on an already unstable housing market. It would put home ownership, which is a part of the American Dream, out of the reach of many Minnesotans. It would also make it harder for families that are growing in size and want to move to a bigger home, or those thinking about downsizing, to do so.

They also want to control your behavior by increasing the "sin taxes". They're proposing to double the tax on beer. So if you want to enjoy your favorite brew while grilling hamburgers this summer you'll pay double the tax in order to do so. And, if you smoke they'll force you to pay nearly \$3.20 in tax on every pack of cigarettes.

2. Big Government

Many people have been getting outside this spring to get their yards ready for the summer. Under part of the Energy and Environment bill that was passed by the House yesterday the state would regulate how you package your yard waste to get rid of it. The Democrats added a provision to the bill that provides a state-mandated leaf bag requirement.

Apparently it is not good enough to simply buy regular leaf bags at the local hardware store, but the Democrats want to require you to buy special bags for your leaves.

Another absurd portion of the bill is the \$1,000,000 appropriation for composting grants and the requirement that fish consumption advisories must be displayed in at least four languages "to fairly represent the population of the state." These are just three of the reasons why this bill is bad.

I, along with all other House Republicans, voted against this bill. It is now headed to the Senate after which it will likely go to a conference committee.

3. Where Does Minnesota Rank?

The Small Business & Entrepreneurship Council offers its analysis of the best and worst states when it comes to taxes. The "Business Tax Index 2009: Best to Worst State Tax Systems for Entrepreneurship and Small Business," ranks the 50 states and District of Columbia according to the costs of their tax systems for entrepreneurship and small business.

The index pulls together 16 different tax measures and combines those into one overall tax score. Among the taxes included are income, property, death/inheritance, unemployment, and consumption-based taxes like gas and diesel levies.

Minnesota ranks 49 out of the 50 states and the District of Columbia. It highlights the fact that Minnesota is not a good place to do business, and shows us what we can do better to encourage job growth in our state. By lowering the tax rates on businesses and changing our tax structure we can make the state a better place to do business.

The full report can be found here, <http://www.sbecouncil.org/uploads/BusinessTaxIndex2009Final.pdf>, which explains the 16 tax types that go into the scoring.

4. Fun Facts

As I mentioned earlier they want to raise the income tax on all levels, along with the alcohol and cigarette tax. But let's look at how Minnesota compares today in these areas.

Minnesota ranks 6th highest in nation for individual income tax collections per capita at \$1,397 per household. Comparing that to the states around us, Wisconsin is ranked number 13, Iowa is ranked 24, while North Dakota is ranked 40. South Dakota does not have an income tax at all. The highest is Connecticut at \$1,811.

On the cigarette tax Minnesota is the 17th highest. Wisconsin is 14, Iowa is 19, South Dakota is 16, and North Dakota is 40. New York wins the title of highest cigarette tax at \$2.75 per pack.

When it comes to the beer tax Minnesota is ranked 34. Wisconsin is one of the lowest in the nation at 48. Iowa is right in the middle, ranked at 25. North Dakota is ranked 30, while South Dakota is ranked 16.

These statistics were compiled by the Tax Foundation.

If you have any questions or concerns about any legislative issues please contact me! You can email me or call me at 651-296-4231.

Sincerely,
Peggy