



Tuesday, April 23, 2019

Key Vote Alert: Vote “No” on HF2208 – Omnibus Jobs Bill

Dear Members of the Minnesota House,

On behalf of Americans for Prosperity activists across Minnesota, I am writing today to urge a “No” vote on final passage of HF2208, the Omnibus Jobs and Economic Development Finance Bill.

As a “Key Vote”, Americans for Prosperity – Minnesota may include this vote in our end-of-session Legislative Scorecard that will be shared with your constituents.

First, this bill includes language that originated in HF5 that would create a new entitlement program funded by a payroll tax on all employees and employers across the state. The bill would in effect lead to a 12% tax hike on the lowest income tax bracket, the very people who can least afford it. AFP-MN believes the free-market – not government mandate – is the best solution for creating compensation and benefit packages that meet the needs of both employers and employees.

Every employer and every worker at all income levels will be forced to pay this tax, which supports a benefit for only a small percentage of the state’s workforce. As bad as a 12% tax increase would be for employees and families in the lowest bracket, that is, unfortunately, the smallest this tax increase could be. Language in the bill would allow the payroll tax to automatically increase with little to no accountability as more spending is deemed necessary by unelected bureaucrats in charge of the program.

Fiscal notes for the legislation show the program will cost about \$450 million in 2021, its first year, and \$900 million annually once fully implemented. The program would also require an additional 352 state workers to administer. Given the state’s terrible record in effectively administering new taxpayer-funded entitlements (MnSure), developing new IT/management systems (MNLARS), or providing adequate oversight for eligibility for existing government programs (see Legislative Auditor reports on Medicaid waste, fraud, and abuse), legislators should protect taxpayers, employers, and employees and their families by opposing this unworkable bill.

In today’s ultra-competitive employment environment, businesses and their employees should be free to design compensation packages that work best for their company and their families, not big government.

Second, the provisions that originated in HF1833 that would impose a 100% carbon-free mandate would hurt consumers by causing significant rate increases across Minnesota. Instead of utilities responding to market signals to keep rates low, we would have government agencies intervening in power markets, spending billions of taxpayer dollars on various new, unproven, and expensive technologies—in other words, picking winners and losers.

Through broad-based grassroots outreach, *Americans for Prosperity* (AFP) is driving long-term solutions to the country’s biggest problems. AFP activists engage friends and neighbors on key issues and encourage them to take an active role in building a culture of mutual benefit, where people succeed by helping one another. AFP recruits and unites activists in 35 states behind a common goal of advancing policies that will help people improve their lives.

After over a decade under the current renewable energy standard, the evidence is clear – government mandates like this one are simply too expensive. Minnesotans are already paying over \$1 billion a year more for electricity per year than if the state had maintained its historic price advantage. Higher energy prices in combination with the onslaught of proposed new tax hikes within the Governor’s budget will spell disaster for Minnesota’s economy. Thousands of Minnesotans will be worse off under this plan as their energy costs skyrocket, and jobs will be lost as businesses look to states with more affordable energy prices to set up shop and expand.

All Minnesotans care about our environment and want to protect it. Thankfully, the state has better options than ineffective command and control government mandates. Embracing the free market and unleashing our entrepreneurs in competition toward developing new technology has proven far more effective at improving our environment and protecting ratepayers than any strong-armed mandate or regulation. Instead of creating barriers to innovation, policymakers should focus on allowing electricity providers to utilize an all-of-the above strategy in securing the cheapest and most reliable energy mix for consumers.

Thank you for the opportunity to share our opposition to the increased payroll taxes, expanded government bureaucracy, and unworkable market distortions proposed in HF2208. **Again, we urge a “No” vote when this bill comes to the House floor.**

Please don’t hesitate to reach out if you have questions, need more information, or if you would like to discuss these issues further.

Sincerely,

A handwritten signature in black ink, appearing to read 'J. Flohrs', with a stylized flourish at the end.

Jason Flohrs
State Director
Americans for Prosperity - Minnesota