



March 2, 2026

Honorable Reps. Gomez and Davids, and members of the House Tax Committee

Saint Paul, MN 55155

Dear Reps. Gomez and Davids, and members of the House Tax Committee:

The Minnesota Society of CPAs (MNCPA) respectfully submits this testimony in support of HF 3127, which extends the pass-through entity (PTE) tax election.

The MNCPA is a professional association representing approximately 7,500 CPAs working in public accounting, industry, education and government. Our members serve thousands of businesses and see firsthand the role small businesses play in Minnesota's economy through job creation and essential services.

Without an extension of the PTE election, the Minnesota Department of Revenue estimates that more than \$400 million would be lost from the state economy and instead paid to the federal government.

The PTE election expired Dec. 31, 2025, and it remains the only effective mechanism for Minnesota taxpayers to mitigate the federal \$40,000 cap on state and local tax deductions.

Extending the PTE election is revenue-neutral and results in no loss of state revenue. It also promotes fairness in the tax code by ensuring that income earned through partnerships and S Corporations is treated comparably to income taxed through C Corporations.

Absent certainty about the PTE election, taxpayers face additional costs when estimating payments. Clear and timely action allows businesses to plan cash flow and avoid unnecessary expenses. The MNCPA urges prompt passage of House File 3127 to provide meaningful relief to Minnesota taxpayers.

Thank you for your time and consideration. The MNCPA is available to provide additional information.

Sincerely,

Linda Wedul, CAE
President & CEO
Minnesota Society of CPAs