

**MEMO# 13409**

April 12, 2001

# **INSTITUTE LETTER OPPOSING EXTENSION OF MINNESOTA SALES TAX TO SERVICES**

[13409] April 12, 2001 TO: TAX COMMITTEE No. 15-01 MINNESOTA MEMBERS RE: INSTITUTE LETTER OPPOSING EXTENSION OF MINNESOTA SALES TAX TO SERVICES Legislative proposals advanced by Minnesota Governor Ventura, and under active consideration in the Minnesota legislature (as H.F. No. 511 and S.F. No. 473), would extend the Minnesota sales tax to numerous services, including investment advisory and brokerage. In the attached letter, a personalized copy of which was sent to each member of the Minnesota House and Senate Tax Committees and to the Governor, the Institute urges that the sales tax not be extended to any services consumed within the investment company industry. The three principal reasons for this recommendation, as stated in our letter, are that: • additional costs could be placed on Minnesota residents seeking to save and invest to meet their long-term needs, which could have the unintended (and most unfortunate) consequence of discouraging adequate saving by Minnesota residents; • our Minnesota members, who strongly value their relationship to the state and appreciate the stable and qualified workforce available to help their businesses flourish, could be placed at a competitive disadvantage vis-à-vis their out-of-state competitors; and • imposition of tax on these services would be extraordinarily difficult (if not impossible) to administer efficiently and fairly. Keith Lawson Senior Counsel Attachment Attachment (in .pdf format)

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