

MINNESOTA OPINION

Distasteful tax on PPP loans must end soon

By Duluth News Tribune Editorial Board

Last year with the economy grounded to a halt by the pandemic and with businesses — particularly smaller, mom-and-pop, Main Street storefronts — shutting down or struggling to stay afloat, the federal government came up with \$953 billion for an emergency-loan fund it called the Paycheck Protection Program. Immediate cash was made available to keep small businesses going — and to keep workers on their payrolls — until the pandemic could ease and the economy could rebound.

In Minnesota, more than 104,000 small-business owners reached up for the lifeline, receiving \$16 billion that were badly needed and that arrived just in time for many, though not for all.

Sounds like a success, right? The power of our representative government stepping up to help us little guys at a time when we need it most.

In Minnesota, however, there's one big problem. The Gopher State remains one of 10 whose tax laws do not automatically conform with federal tax regulations and changes. So the Paycheck Protection Program loans distastefully and inexcusably are being taxed by the state of Minnesota — even though Congress vowed that, as long as recipients followed guidelines for the money's appropriate use, the loans would be forgivable and non-taxable.

If all this reminds you of a back-alley loan shark squeezing someone down on their luck and with nowhere else to turn, yeah, it does kind of feel that way.

Minnesota Chamber of Commerce President Doug Loon sized it up like this last week in an interview held virtually with the Grand Forks Herald: "Minnesota did not create the (Paycheck Protection) Program. The federal government did. But now Minnesota wants to grab some of it."

Lawmakers in St. Paul recognize there's an unsavory problem. Some of them do anyway. Last month Minnesota senators said they had bipartisan support to waive the tax. But last week, the Minnesota House passed an omnibus tax bill that failed to include full tax relief for businesses which received the federal loans.

"With billion-dollar surpluses, billions in reserves and billions more in federal dollars expected, we should not be imposing additional — and permanent — tax increases and costs on Minnesotans," Loon said in a statement after the House vote, his references to the state's finances. "It's disheartening that the House provided only partial help to businesses that had to take out larger loans to retain employees throughout the pandemic."

This tax on COVID relief is particularly difficult for recipient businesses along Minnesota's borders, including in Duluth. That's because all the states bordering Minnesota already automatically comply with or took measures to mitigate the federal tax impact. Minnesota businesses are being left at a competitive disadvantage, bearing a tax penalty just for accepting help it desperately needed, while businesses across the border in Wisconsin, the Dakotas, and Iowa aren't similarly taxed.

Minnesota's small businesses shouldn't be penalized or harmed for needing or accepting help to survive an unprecedented moment. The Minnesota Legislature, this session, can waive the state's uncouth tax on forgivable lifeline loans through the federal Paycheck Protection Program. Lawmakers can also work to bring Minnesota into automatic conformity with federal tax laws to prevent such problems ever again.

This Minnesota Opinion editorial is the opinion of the editorial board of the Duluth News Tribune.

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Michael Collins 1930-2021

Do population changes help Red America or Blue America?

Growing populations are giving two additional seats in Congress to Texas and one to Florida. New York and California are each losing a seat, not because their head counts are falling but because they're not rising as fast.

Do these population changes also alter the states' politics? In many cases, yes, and that generally does not bode well for Republicans. Texas, for example, voted for Donald Trump in 2020, but many of its urban areas did not — and those are the parts of Texas booming with transplants from outside the state.

The capital, Austin, one of America's hottest cities attracting newcomers, is a liberal supernova in what was a securely red Texas. Austin is the No. 1 destination for tech workers leaving San Francisco. Another is Georgia, a former Republican stronghold that just shocked the world by favoring Joe Biden for president and sending two Democrats to the U.S. Senate.

Austin and the surrounding Travis County gave President Joe Biden 72 percent of its votes. Nearly every officeholder in Travis County is now a Democrat.

Apple will soon open a \$1 billion Austin campus with 5,000 workers. Alphabet (Google's parent), Amazon and Facebook, meanwhile, are expanding their footprints in the city. Suffice it to say, Austin is unlikely to become less liberal — or less important in Texas politics.

But what made politicians truly take notice was Williamson County. Home to Austin's fast-growing and historically Republican northern suburbs, Williamson also went for Biden.

Biden took other booming states that have been destinations for blue-state Americans — Colorado, Nevada and Washington. Another, Arizona, just flipped its presidential preference from Republican to Democrat.

And so, while Republicans in the rapidly growing states tout the magnetic pull of their lower taxes

and laxer regulations, they can't help but notice that the newcomers are not entirely with their program. Some recent arrivals may even consider themselves conservative but regard the Trump takeover of the Republican Party with distaste.

Mark Pulliam fancies himself a Paul Revere of the right, warning conservative regions against these "colonizing" leftists. Writing in the conservative City Journal, Pulliam casts scorn on Austin's "fashionable but impractical urbanist transportation initiatives" — he has a problem with bike lanes — and "business-unfriendly ordinances." (Right. Austin's "business-unfriendly ordinances" must be why half the businesses in America, it seems, want to move there.)

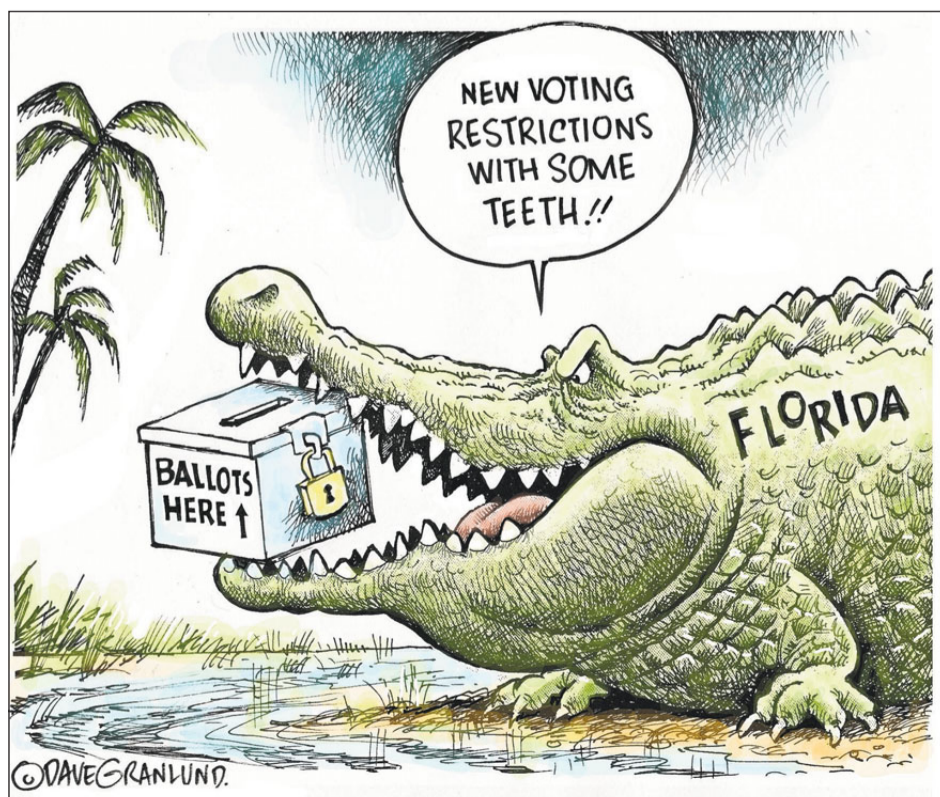
On The Federalist website, Pulliam warns that "wokeness is everywhere, even in the brightest-red areas of Republican-majority states." One would be his small town in east Tennessee, which he doesn't name but I will. It's Maryville. Apparently, Maryville College, a 200-year-old Presbyterian-affiliated liberal arts college, exposed the community to a visiting religious studies professor who praised Karl Marx and said nothing about Jesus. Pulliam also went apoplectic over some choices on the local library's "antiracist" reading list. And a "leftist activist," he rails on, was elected to the city council.

I happen to share some of Pulliam's skepticism toward the nether regions of wokeness, but you know, the liberal had a right to run for council, and the voters had a right to elect her. Labeling everyone you disagree with as "activist" or "leftist" or both — as Pulliam does — is not a great way to engage.

As a reality check, Maryville's county, Blount County, did give Trump 71 percent of its votes. Eastern Tennessee seems a long way off from becoming the Brooklyn of the South.

In 2020, Biden won 85 percent of the counties with a Whole Foods store. Austin has six Whole Foods stores. There's no Whole Foods in Maryville — yet. There are two Starbucks, though. How about that?

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Biden vs. Scott: The speech battle was won by Sen. Scott

The contrast between President Biden's first address to Congress last Wednesday night and the Republican response delivered by Sen. Tim Scott (R-SC) reminded me of another occasion between one long-winded and another profound speaker.

It was 1863 and the nationally known orator Edward Everett

was the featured speaker in Gettysburg, Pennsylvania, to commemorate the soldiers who had died during that terrible battle.

Everett's speech was 1,607 words and lasted two hours. He was followed by President Abraham Lincoln, whose far more famous address, once memorized by schoolchildren as "The Gettysburg Address," was 275 words and took a mere two minutes.

Biden wasn't Everett and Scott was no Lincoln, but Scott in his brevity, along with his kind and optimistic spirit, delivered the superior speech.

Biden droned on about expanding the nanny state and offering to take care of everyone except those evil rich people who he claimed, as Democrats always do, are not paying their "fair share." Neither he, nor any other Democrat, says what they mean by "fair." There was no suggestion that any government program should be eliminated, or spending reduced.

Not everyone can be critical of another person without making it sound demeaning. Scott criticized Biden's spending and other proposals without personal attacks.

He rightly claimed the president had failed to unify the country, as he has repeatedly promised to do. By unity, it appears Biden means everyone has to agree with him.

Scott lamented a closed country and closed schools. He said "millions of kids have lost a year of learning when they could not afford to lose a day. Locking vulnerable kids out of the classroom is locking adults out of their future." He noted private and religious schools are mostly open and proposed school choice, as a solution.

Most profoundly Scott, who is African American, denied America is a "racist country." Are there individuals who are racist? Of course, but that doesn't make the nation racist any more than having criminals among us makes us a criminal nation.

Scott dismantled the president's infrastructure proposal, noting only 6 percent of the spending goes to roads, bridges, airports and other traditional projects. M

On the porous southern border, which the Biden-Harris administration has addressed only in platitudes, Scott delivered a good one-liner: "Weakening our southern border and creating a crisis is not compassionate."

Scott is a natural speaker in contrast to Biden's often forced and condescending rhetoric. Scott believes in putting people, not government first. While he dazzled many in his address to the virtual Republican National Convention last summer, his response to the president's speech has likely vaulted him to the top tier of national leadership. The African American community should especially take notice and follow his lead.

To quote Lincoln from his Second Inaugural Address: "Fondly do we ask; fervently do we pray."

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