



April 12, 2023

To: Members of the Minnesota Senate Taxes Committee  
From: Americans for Tax Reform

**Re: SF 3157 Sec. 5 [168E.03] Retail Delivery Fee**

Dear Senator,

On behalf of Americans for Tax Reform, and our supporters across Minnesota, **I urge you to reject the 75-cent-per-order retail delivery tax that will damage Minnesota's economy and hurt families.** This proposal, outlined in Sec. 5 [168E.03] of SF 3157, will hurt Minnesota's small businesses and leave seniors, people with disabilities, and many of the state's poorest communities without access to food and grocery delivery. **The 75-cent delivery tax is regressive, unnecessary, and will cause significant damage to Minnesota's economy. It is imperative this proposal does not become law.**

Minnesota has an \$18 billion budget surplus. There is absolutely no reason to institute a tax, particularly one as regressive as the 75-cent delivery tax. **While Minnesota may be enjoying a surplus of funds, many families and individuals across the state are struggling mightily with inflation and the rising cost of living.** This proposal will impact these people the most. Over the course of a year, families may end up paying hundreds of dollars in taxes for delivery of food, groceries, and other goods. According to the Consumer Price Index, food-at-home prices have [risen](#) 13% year-over-year while food away from home prices have risen 8.5%. The food delivery tax in SF 3157 will further exacerbate the economic strain felt by millions across the state. Between 2021 and 2022, food insecurity rates [increased sharply](#), particularly among families of color. This only further reinforces the impact that rising inflation is having on American families, particularly within historically disadvantaged communities.

Food delivery services have become essential to the survival of many small businesses who cannot afford to hire employees to only deliver food. Through delivery apps, these small, family-owned restaurants can diversify their customer base and increase revenue, energizing their local economy. Imposing a 75-cent delivery tax on all orders will drive down demand, at high cost to thousands of small Minnesota businesses. With lower revenue, these restaurants, many of which operate on razor-thin margins and are dealing with increasing supply costs, will be forced to cut jobs. This tax will also impact Minnesotans who earn income from delivering on these apps. These people enjoy flexible hours and competitive wages, undoubtedly strengthening the state's economy. They would lose out on income resulting in lower demand for delivery services. The total economic cost of this proposal would be devastating for countless small businesses and families across Minnesota.

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Instituting a delivery tax also raises concerns regarding accessibility. Seniors and people with disabilities are among those who rely on delivery services for food, groceries, and other deliveries. This tax will unfairly reduce their access, as well as the access of those in remote parts of the state, to this essential service.

It is crucial that *all* Minnesotans continue to have access to food delivery apps, without unnecessary taxes that will hurt businesses, families, and the state's economy. Seniors and people with disabilities rely on delivery services for food, groceries, and other goods. Many low-income families, who are already feeling the cost of skyrocketing inflation, could be priced out of delivery services if this fee is passed. As such, **I strongly urge you to reject the delivery tax laid out in Sec. 5 [168E.03] of SF 3157.**

Sincerely,

Grover Norquist,  
*President*  
Americans for Tax Reform