

February 15, 2023

Representative Dave Lislegard, Chair  
House Property Tax Division  
451 State Office Building,  
Saint Paul, MN, 55155

Chair Lislegard and Members of the House Property Tax Division,

The Minnesota Inter-County Association (MICA) represents fifteen of Minnesota's larger and faster growing counties, including four suburban and eleven Greater Minnesota counties.

MICA appreciates your leadership of the Committee's ongoing consideration of comprehensive property tax relief. For many taxpayers, the property tax is the most complex, least well understood, and yet most visible tax they pay. In response to that complexity, we support a comprehensive approach to tax relief that increases state funding to assist the efforts of local elected officials to maintain moderate tax levies, that provides robust direct property tax refunds for homeowners and renters, and that protects property tax base as the primary revenue source available to fund local needs.

Today's Committee agenda includes several bills that would contribute to comprehensive property tax relief. Our association supports:

- HF700 (Youakim) strengthening the targeted property tax refund program for homeowners that experience year-to-year increases of 10 percent or more in their property tax, including increasing the maximum refund from \$1000 to \$2000.
- Direct property tax refunds for homeowners and renters that helps offset the cost of property taxes relative to household income, relief addressed in HF1323 (Agbaje), HF1422 (Wolgamott), HF1506 (Lislegard).
- HF1504 (Norris) increasing the thresholds for the homestead market value exclusion from 40% of the first \$76,000 in value, to 40% of the first \$80,300 in value. Above those levels, the exclusion phases out at a rate of 9% of the value above the maximum such that there is no exclusion of value above \$413,800 under current law, or above \$437,100 under HF1504.

The Homestead Market Value Exclusion was enacted in 2011. It is intended to provide tax relief to homeowners. However, because the exclusion thresholds have remained static while average home values have increased substantially since 2012 resulting in a steady decline in excluded value for most homeowners.

More recently, home values increased by an average of 17.2% in just the past year. In many jurisdictions, that value growth for homes resulted in a larger share of local property tax being paid by homeowners, both because home values increased faster than values for other types of property, and because excluded value declined. HF1504 would help restore the tax relief originally intended by increasing market value exclusion thresholds to recognize some growth in home values since 2012.

Again, thank you for your consideration and support for property tax relief and the work of local governments in partnership with the state.



**Matt Massman**, *Executive Director*  
*Minnesota Inter-County Association*