



May 5, 2021

The Honorable Senator(s) Nelson, Bakk, Weber, Miller, and Rest
The Honorable Representatives Marquart, Youakim, Her, Davids, and Lislegard

Tax Conference Committee (HF 991 – Marquart/Nelson)

Dear Conferees,

The Municipal Legislative Commission (MLC) is a coalition of 19 suburban communities with over 880,000 residents and the workplace for more than half a million employees. Our association was founded to advocate for sound fiscal and local government policy for our Minnesota communities, and we have spent over thirty years advocating for legislative initiatives which further that goal.

We appreciate the opportunity to provide our thoughts to the Tax Conference Committee. MLC cities view tax policy as critically important to the health of our communities, and support local control in order to best respond to the needs of each municipality.

MLC would like to especially show our appreciation for the following provisions:

- **Construction Sales Tax Exemption for Public Safety Facilities.** MLC supports the House and Senate language that provides an exemption for supplies and materials used in construction and improvement of fire and police stations owned by a local government. MLC supports the broad sales tax on construction materials for local governments and we believe this provision is a step in the right direction.
- **Fire Protection and Emergency Medical Services Special Taxing Districts.** MLC supports the Senate provision that authorizes the establishment of fire protection special taxing districts and modifies current law authority for emergency medical services special taxing districts.
- **Homestead credit refund increase.** MLC strongly supports the House provision that increases the homestead credit refund. MLC supports individual property tax relief through programs like the Homestead Credit Refund.
- **Renter's credit increase.** MLC strongly support the House provision that reduces co-pay percentages for the renter's credit. MLC supports direct property tax relief to renters through programs like the Renter's Credit.
- **Tax Increment Financing Flexibility:** MLC supports the provisions in the House Bill that allow greater flexibility for TIF in response to the economic hit caused by the pandemic.

MLC cities would like to make the Conference Committee aware of one provision that they do not support:

- **Property Tax Process:** MLC has concerns about changes to the property tax hearing process in the bill. We support the goal of greater transparency; however, the new requirements place substantial new burdens on cities. The administrative burden, especially for cities with less resources, will be significant and will also require creating the ability for public input for both in-person and virtual settings on the annual meeting date. MLC supports transparency in taxation, and already announces and holds community meetings for property tax proposals in our communities. We regularly welcome public input on these issues, and feel that the provisions in the bill are both duplicitous and onerous for cities.

Thank you for considering the legislative priorities of the MLC as you move forward with your work. Please feel free to contact us if you have any follow-up questions.

Sincerely,

A handwritten signature in black ink, appearing to read "Jim Hovland". The signature is fluid and cursive, with a long horizontal stroke at the end.

Jim Hovland
Chair, MLC Board of Directors
Mayor, City of Edina

Member Cities: Apple Valley, Bloomington, Burnsville, Chanhassen, Eagan, Eden Prairie, Edina, Golden Valley, Inver Grove Heights, Lakeville, Maple Grove, Minnetonka, Plymouth, Prior Lake, Rosemount, Savage, Shakopee, Shoreview, Woodbury