

SENT VIA EMAIL

February 23, 2022

Representative Paul Marquart, Chair  
House Tax Committee  
597 State Office Building  
Saint Paul, Minnesota 55155

Chair Marquart and Tax Committee Members,

The Minnesota Inter-County Association (MICA) is a voluntary association whose members include fifteen of Minnesota's larger and faster growing counties, including four suburban and eleven Greater Minnesota counties that together are home to 35 percent of the state's residents.

MICA strongly supports HF3669, Article 3, Governor Walz' and Lt. Governor Flanagan's recommendation to provide for a refund exemption for all sales tax paid on construction materials purchased by counties for public projects. Our counties annually invest millions of local tax dollars in public infrastructure such as roads, bridges, transit, solid waste, parks and trails, and other infrastructure. This overdue simplification will help ensure local resources are focused on Minnesota's public infrastructure needs rather than collecting local taxes to pay state taxes.

Additionally, MICA supports the Governor's intent to provide ongoing, flexible financial assistance to county governments to fund public safety costs. Public safety is a core priority and it is critical to ensure adequate resources to recruit and retain professional staff. Historically, County Program Aid (CPA) has been the primary inter-governmental finance tool to distribute general purpose aid to support public safety and other essential costs while helping moderate property tax levies. CPA has not kept pace with inflation and is the preferred approach to permanently increasing funding for county governments.

Finally, we also support HF3669, Article 6, providing permanent base funding for local Soil and Water Conservation District's (SWCD's) from the State General Fund. Among the various approaches that have been brought forward to address concern by some that such funding should not come the Clean Water Fund (CWF), the Governor's recommendation is the preferred solution and we support its approval.

We thank Governor Walz and Lt. Governor Flanagan for again recommending simplification of sales tax exemption for construction material purchases and for proposing increased funding for essential county operations.

Thank you Chair Marquart and committee members for the opportunity to testify in support of selected provisions of HF3669.

Sincerely,



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