



Saint Louis County

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May 8, 2023

Chair Ann Rest
Minnesota Senate Taxes Committee
328 Capitol
St. Paul, MN 55155

Chair Aisha Gomez
Minnesota House Taxes Committee
453 State Office Building
St. Paul, MN 55155

Dear Chair Rest, Chair Gomez and Members of the Conference Committee on Taxes:

ST. LOUIS COUNTY STANDS IN STRONG SUPPORT OF THE HOUSE PILT PROVISIONS IN OMNIBUS TAX BILL/ H.F. 1938

Over 8 million acres of state-owned land exists in Minnesota, and nearly all this land is located in the 22 counties of Northern Minnesota. Since 1979, counties have been partially compensated for their lost tax base resulting from this disproportionate state ownership through the State Payment in Lieu of Tax (PILT) Program. Although **95% of all PILT acres are located in Northern Minnesota, less than 10% of the new State PILT dollars now go to these counties** where most state PILT lands exist. Illogical, but, the direct result of the unintended consequences of a 1995 law change which has gradually resulted in today's unfair & inequitable situation.

The 2012 Legislature recognized this fiscal imbalance in the statewide distribution of public lands by adopting an as yet unfulfilled purpose for the the PILT Program: Minn. Stat. § 477A.10 states the purpose of PILT is **“to address the disproportionate impact of state land ownership on counties with a large portion of public land.”** The “impact” cited above includes the inability to develop or, in many instances, mine, log, or otherwise develop our abundant public lands and extremely valuable public lakeshore. This is a restraint not imposed on many of the counties hosting “acquired natural resources land” which is now compensated through PILT at a much higher rate.

Incredibly and in clear contrast to Minn. Stat. § 477A.10, today's PILT formula instead rewards those counties hosting a small proportion of state natural resources land. Furthermore, those counties receive an automatic increase in payments every six years. In 2023 that increase will be an estimated \$4.4 million. Unfortunately, many Northern Minnesota counties will receive little or no increase, as their PILT lands only receive the flat rate payment of \$2/acre. Simply treating all PILT lands consistently so that all receive the higher of \$5.133 per acre or $\frac{3}{4}$ of 1% of market value (the payment currently applicable to “acquired natural resources land”) would more than double statewide PILT payments, in excess of \$37 million annually. Yes, an ideal solution, but pricey.

Instead, the proposal currently in the House version of H.F. 1938 meaningfully bridges the difference. It targets additional PILT aid primarily to those counties **disproportionately impacted by state land ownership** and suffering the adverse economic impact of not being able to develop their public lakeshore and not being able to mine or log within much of their counties due to federal and state regulatory restraints.

For this reason, along with the **substantial property tax relief** PILT provides our county, St. Louis County **urges the Omnibus Tax Bill Conference Committee to adopt “all” of the House PILT provisions in your final Bill.**

Sincerely,



Patrick Boyle
Chair of County Board



Paul McDonald
County Commissioner, 4th District



Ashley Grimm, Chair
Central Management &
Intergovernmental Committee



May 9, 2023

Dear Chair Rest, Chair Gomez, and Members of the Tax Conference Committee,

Thank you for the opportunity to share Lutheran Social Service of Minnesota's support of including the revenue recapture proposal (SF 2160/HF 1487) in the tax omnibus bill. LSS is a provider of essential services across all 87 counties with more than 2,500 employees who serve one in 63 Minnesotans every year. This includes quality guidance, knowledge and tools provided by LSS Financial Counseling helping our neighbors achieve financial wellness.

We strongly support ending revenue recapture for medical debt. At LSS, we help people create a plan to pay off their debt, including medical debt, so we are familiar with how debts and debt collection practices can affect one's financial stability. Our work helps Minnesotans gain confidence and feel more prepared to handle emergencies in the future. But the revenue recapture process undermines that confidence and preparation by bypassing normal debt collection practices. For instance, under standard collection practices, families would be protected from garnishments of wages or bank accounts if they have received income-based public benefits in the last six months. Also, original creditors cannot escalate collection practices if the payment plan is being followed.

The healthcare companies that have access to revenue recapture can do so without any court process, and there are no protections in place for recipients of public benefits. Other debt collectors are required to follow regulations that do not allow this. Ending revenue recapture creates guardrails to protect Minnesotans against overly aggressive or destabilizing debt collection methods.

Thank you, again, for this opportunity. Please contact Erin Sutton, LSS' Senior Director of Advocacy, at erin.sutton@lssmn.org if we may provide further information on this deeply important issue.

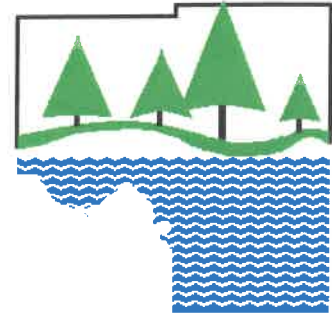
Sincerely,

A handwritten signature in black ink that reads "Kimberly J. Miller".

Kim Miller
Certified Financial Counselor

ITASCA COUNTY

Courthouse
Administrative Services
123 NE 4th Street
Grand Rapids, MN 55744-2600
Office (218) 327-7363 Fax (218) 327-2848



May 9, 2023

To: Chairs Ann Rest and Aisha Gomez
Senator Grant Hauschild
Representative Dave Lislegard

Re: Tax Omnibus Bill (HF 1938 / SF 1811)
Payment In Lieu of Taxes Amendments

The Itasca County Board of Commissioners is writing to both thank you for your efforts to provide greater equity in the distribution of Payment in Lieu of Taxes (PILT) and to encourage your continued advocacy for the funding and amendments to MSA Chapter 477A (PILT), as proposed in HF 1938 and SF 1811.

Itasca County is disproportionately dependent on PILT funding to supplement our levy due to the large acreage of public lands within our boundaries and the constricted opportunities for proportionate tax base growth when compared to other regions of the state. Most of our northern counties contain between 20% to 50% of our land base as public lands.

The 2012 Legislature recognized the fiscal imbalance created by the geographic distribution of public lands in this state by adopting an, as yet, unfilled purpose for the Payment in Lieu of Taxes Program:

M.S.A. Chapter 477A.10: “Natural Resources Land Payments in Lieu: Purpose: (2) to address the disproportionate impact of state land ownership on units of government with a large proportion of state land.”

HF 1938 and SF 1811 acknowledge this legislative mandate by directing an additional \$9 MD in PILT aid to counties with a disproportionate share of state land. We urge your continued support and advocacy for HF 1938 and SF 1811. Thank you for your consideration.

Respectfully,

A handwritten signature in blue ink, appearing to read 'Burl Ives'.

Burl Ives, Chair
Itasca County Board of Commissioners

cc: Mitch Berggren
Patrick McQuillan



May 4, 2022

To: Senator Rest, Representative Gomez, and members of the 2023 Taxes Conference Committee

RE: [HF 1938 \(Gomez\)](#)/[SF 1811 \(Rest\)](#) Omnibus Tax Provisions

Dear Conference Committee Members,

On behalf of the nineteen suburban cities comprising the Municipal Legislative Commission (MLC), we want to thank you for your work on the Omnibus Tax Bill [HF 1938 \(Gomez\)](#)/[SF 1811 \(Rest\)](#). One of MLC's primary initiatives is to promote stable and predictable tax policies while supporting local control. We hope to continue this crucial partnership between local governments and the State. As you deliberate provisions within the bill, we ask that you consider MLC's thoughtfully developed positions on the following items:

Direct Property Tax Relief through the Homestead Refund and Renters' Credit: MLC supports providing direct property tax relief to homeowners and renters. MLC Cities do not receive LGA so direct property tax relief helps reduce the tax burden on seniors, renters and low-income Minnesotans living in our cities. Both the House and Senate include some enhancements to property tax relief programs. We urge the Conference Committee to include significant property tax relief in the final agreement such as:

- Increase Homestead and Renters Credits for all claimants and reduce copay percentages
- Homestead Market Value Exclusion – Increase value thresholds and maximum exclusion amount
- Targeting Property Tax Refund – Increase additional targeting refunds for homeowners who experience large year after year property tax increases
- Renters Credit – Convert renters' credit into a refundable income tax credit
- MLC does not take a position on the level of funding to the LGA program, however, would ask the committee to look closely at whether including an annual inflation adjustment is of sound fiscal policy.

Tax Increment Financing: MLC supports updating and modifying the current Tax Increment Financing statute, including:

- Clarifying rules on use of administrative expenses
- Clarifying rules on pooling and decertification; and
- Granting special authorization legislation for Shakopee, Woodbury, Plymouth, Bloomington, and Savage

Local Option Sales Tax: MLC supports the cities' ability to impose a local option sales tax if they so choose.

Public Safety Aid: MLC supports the establishment of a program to distribute \$300 million of one-time public safety aid to local units of government

Construction Sales Tax Exemption: Along with cities, counties, school districts, non-profits, municipal utilities, labor and contractors, MLC supports a permanent general law change to simplify the process by which local governments and nonprofits receive the sales tax exemption on construction material purchases. If a permanent solution is not possible this session, the MLC would support the House provision authorizing a temporary sales tax exemption.

Again, we thank you for your continual service and commitment to your constituents and all Minnesotans. We look forward to working with you as a final tax agreement is assembled.

Respectfully,



Jim Hovland,
Chair, MLC
Mayor, City of Edina

On behalf of MLC Member Cities:

- | | |
|---------------------|-------------|
| Apple Valley | Maple Grove |
| Bloomington | Mnettonka |
| Burnsville | Plymouth |
| Chanhasen | Prior Lake |
| Eagan | Rosemount |
| Eden Prairie | Savage |
| Edina | Shakopee |
| Golden Valley | Shoreview |
| Inver Grove Heights | Woodbury |
| Lakeville | |



**FRESENIUS
MEDICAL CARE**

May 9, 2023

Speaker Melissa Hortman
House Conference Conferees
Representative Esther Agbaje
Representative Greg Davids
Representative Aisha Gomez
Representative Liz Lee
Representative Dave Lizlegard

RE: Worldwide Combined Reporting in HF 1938, Tax Omnibus Bill

Dear Speaker Hortman and HF 1938 House Conferee members,

Fresenius Medical Care operates 49 dialysis clinics in Minnesota serving 2,225 patients with End Stage Renal Disease, or kidney failure. Fresenius is a global company, with headquarters in Bad Hamburg, Germany, providing dialysis and other health care services world-wide. We are still reeling from Covid-19 and recently closed several dialysis clinics in Minnesota due to staffing shortages. We continue to have problems bringing staff in from other states to help with shortages due to Minnesota's backlog of nurse licensing applications. Now is not the time to impose additional financial requirements, especially on health care organizations that are still struggling to recover from difficult times post Covid-19.

Every state that has considered a mandatory worldwide combined reporting scheme has rejected it. States with worldwide combined reporting have always included water's edge protections, meaning the combined return applies only to companies in the U.S. This solution is known as a true water's edge boundary. Minnesota currently has such protections. Income appropriately connected to the state is already taxed under Minnesota's current law. **Minnesota should maintain its current approach to ensure an equitable and non-discriminatory economic reputation.** Minnesota law currently requires related entities to file as a group. Having a water's edge designation helps ease the state's administration and helps companies comply with corporate income tax laws.

Even in the small number of states that have worldwide combined reporting, it is optional and each of those states provide true water's edge protection. Without a true water's edge boundary, a myriad of challenges will arise, including managing cross border currency conversions, different accounting standards and reporting requirements, and language barriers. States such as Virginia and Maine have recently studied combined reporting and determined it was the wrong approach.

The federal government does not impose worldwide combined reporting. What Minnesota is considering runs totally counter to federal tax policy. Worse, mandatory worldwide combined reporting would subject international companies to a Minnesota tax even though they have no connection to the state or any federal tax obligations.

Along with other companies with similar structures, we are greatly concerned about Minnesota's proposed worldwide tax which would damage competitiveness and invite international retaliation from key trading partners. This proposal would do the following:

- Hurt the state's efforts to attract and retain international companies and damage the state's competitiveness.



FRESENIUS MEDICAL CARE

- Provoke disputes with treaty partners. In the past, some foreign governments have even enacted retaliatory action in response to states seeking to adopt a tax structure without a true water's edge system.
- Create inconsistencies with state, federal and international tax norms, and violate principles of U.S. tax treaties.
- Produce significant revenue uncertainty for the state, as confirmed by Department of Revenue, and pose significant audit activity and prolonged litigation exposure.
- Threaten to impose significant double taxation on non-U.S. companies with no connection to operations or presence in Minnesota.

For these many reasons, we request the combined worldwide reporting provision be stripped from HF 1938.

Sincerely,

Wendy Funk Schrag

Wendy Funk Schrag, LMSW, ACSW
Vice President State Government Affairs
316.841.5245
wendy.schrag@freseniusmedicalcare.com



Board of Commissioners
Lake County Service Center
616 Third Avenue
Two Harbors, MN 55616
Phone: 218-834-8320
Website: www.co.lake.mn.us

Lake County Commissioner First District
Derrick (Rick) L. Goutermont – Second District
Richard (Rick) C. Hogenson – Third District
Jeremy M. Hurd – Fourth District
Rich Sve – Fifth District

May 10, 2023

Re: **Tax Omnibus Bill (HF 1938/SF1811), Payment In Lieu of Taxes (PILT) Amendments**

Greetings, Mitch Berggren, Minnesota Senate Taxes Committee Administrator mitch.berggren@senate.mn

The Lake County Board of Commissioners is writing to seek your support for the funding and amendments to MSA Chapter 477A (PILT), as proposed in the House version: HF 1938/ Omnibus Tax Bill. We believe this will provide greater equity in the distribution of Payment in Lieu of Taxes (PILT).

Lake County is disproportionately dependent on PILT funding to supplement our levy due to the large acreage of public lands within our boundaries and the constricted opportunities for proportionate tax base growth when compared to other regions of the state. Lake County land base contains 83% public land.

The 2012 Legislature recognized the fiscal imbalance created by the geographic distribution of public lands in this state by adopting an as yet unfilled purpose for the Payment in Lieu of Taxes Program:

M.S.A. Chapter 477A.10 "Natural Resources Land Payments in Lieu: Purpose: (2) to address the disproportionate impact of state land ownership on units of government with a large proportion of state land."

The House version of HF 1938/ Omnibus Tax Bill acknowledges this legislative mandate by directing an additional \$9 MD in PILT aid to counties with a disproportionate share of state land. We urge your continued support and advocacy for the House version of HF 1938.

Thank you for your consideration.

Sincerely,

Rich Sve, Chairperson
Lake County Board of Commissioners



AUDITOR – TREASURER'S OFFICE

101 Main Avenue North

P.O. Box 616

Thief River Falls, MN 56701

(218) 683-7000

May 9, 2023

Representative Patrick McQuillan
3111 Minnesota Senate Building
St. Paul, MN 55155

Dear Representative McQuillan,

The Pennington County Board of Commissioners is writing to both thank you for your efforts to provide greater equity in the distribution of Payment in Lieu of Taxes (PILT) and to encourage your continued advocacy for the funding and amendments to MSA Chapter 477A (PILT), as proposed in the House version: HF 1938/Omnibus Tax Bill.

The 2012 Legislature recognized the fiscal imbalance created by the geographic distribution of public lands in this state by adopting an as yet unfilled purpose for the Payment in Lieu of Taxes Program:

M.S.A. Chapter 477A.10 "Natural Resources Land Payments in Lieu: Purpose: (2) to address the disproportionate impact of state land ownership on units of government with a large proportion of state land."

The House version of HF 1938/Omnibus Tax Bill acknowledges this legislative mandate by directing an additional \$9 MD in PILT aid to counties with a disproportionate share of state land. We urge your continued support and advocacy for the House version of HF 1938.

Thank you for your consideration.

Sincerely,

Neil Peterson, Chairman
Pennington County Board of Commissioners

218-689-5521
218-634-2509 (FAX)
edarnesen@gmail.com



LAKE OF THE WOODS COUNTY

Lake of the Woods County Commissioners

Ed Arnesen, Chair
206 8th Ave SE Suite 260
Baudette, MN 56623

May 9, 2023

Mr Mitch Berggren
Committee Administrator
328 Capitol
St. Paul, MN 55155

Dear Mr. Berggren:

I am writing on behalf of the Lake of the Woods County Board of Commissioners. We would like to thank you for your efforts to provide greater equity in the distribution of Payment in Lieu of Taxes (PILT) and to encourage your continued advocacy for the funding and amendments to MSA Chapter 477A (PILT), as proposed in the House version: HF1938/Omnibus Tax Bill.

Lake of the Woods County is disproportionately dependent on PILT Funding to supplement our levy due to the large acreage of public lands within our boundaries and the constricted opportunities for proportionate tax base growth when compared to other regions with the state. Most of our northern counties contain between 20% to 50% of our land base as public lands. In Lake of the Woods County, the public lands are at approximately 60%.

With the 2012 Legislature recognized the fiscal imbalance created by the geographic distribution of public lands in this state by adopting an as yet unfilled purpose for the Payment in Lieu of Taxes Program:

MSA Chapter 477a.10 "Natural Resources Land Payments in Lieu: Purpose: (2) to address the disproportionate impact of state land ownership on local units of government with a large proportion of state land."

The House version of HF 1938/Omnibus Tax Bill acknowledges this legislative mandate by directing additional money in PILT aid to counties with a disproportionate share of state land. We urge your continued support and advocacy for the House version of HF 1938.

Thank you for your consideration.

Sincerely,

A handwritten signature in cursive script, appearing to read "Ed Arnesen", is written over a horizontal line.

Ed Arnesen,
Lake of the Woods County Board Chair