DEPARTMENT OF REVENUE

Tuesday, May 6th, 2025

The Honorable Aisha Gomez
Chair, House Taxes Committee
5th Floor Centennial Office Building
St. Paul, MN 55155

The Honorable Greg Davids
Chair, House Taxes Committee
2nd Floor Centennial Office Building
St. Paul, MN 55155

Dear Chair Gomez and Chair Davids,

Thank you for your continued and strong partnership throughout this legislative session. We have appreciated the opportunities to discuss the Governor's tax budget recommendations and for the time to share administrative insights with committee members. The members consideration of these insights and the thoughtful discussions that followed produced a House Omnibus Tax Bill (HF2437) that will help all Minnesotans.

We would like to express our gratitude for the inclusion of several of the provisions from the Governor's tax budget recommendations. The repeal of the assignment portion of the K-12 Education Credit and the additional penalty for property owners and managing agents who fail to submit a Certificate of Rent Paid prioritize taxpayer's ease of filing and ability to claim tax credits.

Additionally, we thank you for your inclusion of the changes made to the definition of attachments and appurtenances. These changes support both the taxpayer's and the department's understanding in the administration of this tax.

We do have questions and concerns regarding the proposed shift of funds from the local sales taxes administration fee account. The funds in this account are used by the department to administer and collect local sales taxes. This reduction will have an impact on the services we provide local governments. Considering budget constraints, we understand and recognize difficult decisions will need to be made.

We look forward to our continued partnership and collaboration as we move toward conference committee. Your efforts to produce a tax bill that will benefit all Minnesotans is much appreciated.

Sincerely,

Paul Marquart

Paul Marquart
Commissioner

May 6, 2025

Dear Members of the House Taxes Committee:

The Minnesota Chamber is a statewide organization representing more than 6,300 businesses of all sizes employing more than half a million employees. We support policies to best position our state for future success by advancing a competitive business climate to encourage a growing economy through increased private sector investment, entrepreneurship, and talent recruitment and retention.

We would like to take this opportunity to share our perspective on the A25-0075 amendment to House File 2437 which represents the Omnibus Tax Bill agreement between Chair Davids and Chair Gomez:

- We support the inclusion of the vendor allowance provisions in Article 2 that recognize the cost born by retailers who collect sales tax on behalf of the state. Sales tax calculation and remittance has gotten increasingly complex and expensive, and we are grateful to Representative Robbins and Representative Norris for their work on this issue.

- We continue to have concerns with the land value tax district provisions in Article 7. While limited to just two cities, the creation of these districts would provide local governments with another tool in which they could shift additional property tax burden on to commercial or industrial properties.

Despite some positive elements, the bill makes no meaningful progress on our state's uncompetitive tax climate. Minnesota has the second highest corporate franchise tax and the sixth highest top personal income tax rate. Meanwhile over 26 other states have cut those one or both of those taxes in the last five years. We are becoming increasingly uncompetitive by standing still.

We thank Chair Davids, Chair Gomez, and all members of the Committee for their work on this bill. We remain committed to working together in the remaining days of the session to identify further opportunities to strengthen Minnesota's economy through a more competitive tax code.

Sincerely,

Brian Cook
Director of Taxes, Fiscal Policy, and Elections

April 24, 2025

Members of the Minnesota Legislature:

We thank you for passing the Nation-Leading Child Tax Credit in 2023 and for developing an advanced payment system in 2024. The Child Tax Credit provides meaningful tax relief to families across our state and is a proven strategy to reduce hardship and improve family well-being. This is a step in the right direction towards making Minnesota the best state in the nation to raise a family.

We urge you to build off the success of the Child Tax Credit. Families are facing increasingly high costs on everyday items like gas and groceries. Strengthening the Child Tax Credit would provide direct aid to our state's families who are doing the important work of raising the next generation and will reduce the short- and long-term harm of poverty on Minnesota's children.

We applaud proposals from members of both parties to strengthen the Child Tax Credit. A strong bipartisan bill, H.F. 2339 / S.F. 2508, would expand the phaseout threshold by 20 percent for all filers and likely allow more than 200,000 additional children to qualify. Another bipartisan bill, H.F. 2302, would allow 18-year-olds to qualify for the Child Tax Credit, benefiting nearly 11,000 children in our state. H.F. 2254 / S.F. 2548, which also has bipartisan support, would provide an additional $400 in Child Tax Credit to families who have welcomed newborns in the past year. All these proposals support Minnesota children by providing families with meaningful assistance, especially when budgets are tight.

Expanding the Child Tax Credit would be an important action this session for giving direct relief to families. It should not come at the expense of existing programs or tax credits that provide reliable relief to low-income Minnesotans. We encourage legislators on both sides of the aisle to collaborate on a Child Tax Credit expansion to truly help make Minnesota one of the best states to raise a family.

Thank you for your consideration.

African American Leadership Forum
Big Brothers Big Sisters Twin Cities
Children's Defense Fund-Minnesota
Children's Minnesota
Corporation for Supportive Housing (CSH)
Elevate Life
Germanic-American Institute
Greater Twin Cities United Way
ISAIAH
Joint Religious Legislative Coalition
Legal Services Advocacy Project
Minnesota AFL-CIO
Minnesota Alliance of Boys & Girls Clubs
Minnesota Budget Project
Minnesota Catholic Conference
Minnesota Community Action Partnership
Minnesota Family Council
Minnesota Nurses Association
Northside Achievement Zone
Prepare + Prosper
PRISM
RiseUp Partnership
Second Harvest Heartland
Telling Queer History
Youthprise

This letter is submitted by the Minnesota Catholic Conference
525 Park Street, Suite 450, St. Paul, MN 55103

PARTNERSHIP ON
WASTE & ENERGY
Hennepin | Ramsey | Washington

May 5, 2025

Representative Greg Davids
Co-Chair, House Taxes Committee
2nd Floor, Centennial Office Building
St. Paul, MN 55155

Representative Aisha Gomez
Co-Chair, House Taxes Committee
5th Floor, Centennial Office Building
St. Paul, MN 55155

Re: H.F. 2437, House Taxes Bill

Dear Co-Chair Gomez, Co-Chair Davids, and members of the House Taxes Committee,

The Partnership on Waste and Energy (Partnership) is a Joint Powers Board consisting of Hennepin, Ramsey and Washington counties, formed to address waste management and energy issues. The Partnership seeks to end waste, promote renewable energy and enhance the health and resiliency of the communities we serve while advancing equity and responding to the challenges of a changing climate.

The Partnership greatly appreciates the provisions in the A25 Author's amendment to H.F. 2437 to allocate a portion of the Solid Waste Management Tax (SWMT) to the Environmental Fund for SCORE grants to counties in FY2026 and FY2028 (Article 7, Sec. 18). We recognize the difficult choices facing the Committee and strongly support the inclusion of these one-time additional allocations to SCORE recycling grant funding in the House Taxes Bill.

The Partnership and a broad coalition of other organizations have been grateful for the efforts of Rep. Johnson and the many members of the Committee and House colleagues who co-authored H.F. 1359 to phase-in the allocation of SWMT revenues currently going to the General Fund to SCORE grants. The SWMT was designed as a user fee on solid waste generation to pay for environmentally responsible management of solid waste, and we encourage the Committee continue its efforts to ensure all SWMT revenues be allocated for this intended purpose.

Counties need increased SCORE funding to keep waste out of both landfills and waste-to-energy facilities, to operate household hazardous waste facilities and meet state recycling mandates. SCORE grants provide funding to support recycling programs, food waste management and prevention, composting, waste reduction and problem materials management.

The one-time appropriations for FY2026 and FY2028 will be very helpful as counties seek additional resources for infrastructure investments and program changes needed to address the increasing amount and persistent toxicity of trash and pursue a zero-waste economy.

Sincerely,

Commissioner Fran Miron, Washington County
Chair, Partnership on Waste and Energy

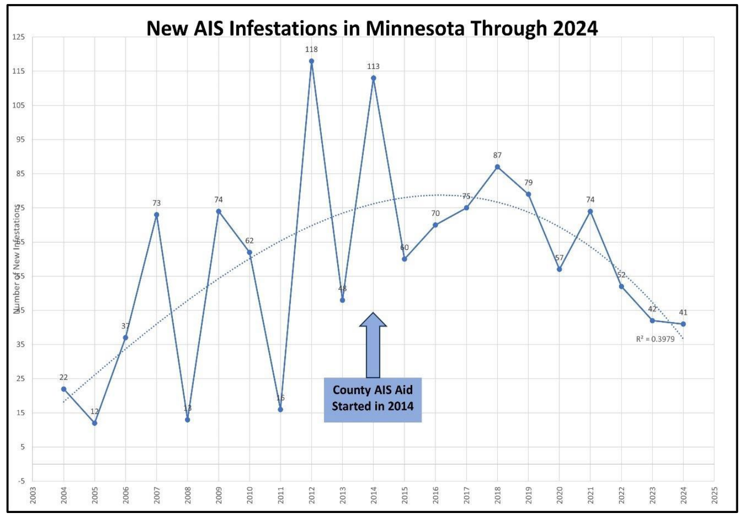
PARTNERSHIP ON WASTE AND ENERGY
HENNEPIN | RAMSEY | WASHINGTON

100 Red Rock Road | Newport, MN 55055
info@recyclingandenergy.org | 651-768-6670

Aquatic Invasive Species Aid

Minnesota is a National Leader on Aquatic Invasive Species (AIS) Management.

Minnesota is the only state in the nation that invests AIS Prevention Aid funding to local communities for development and implementation of local prevention programs.

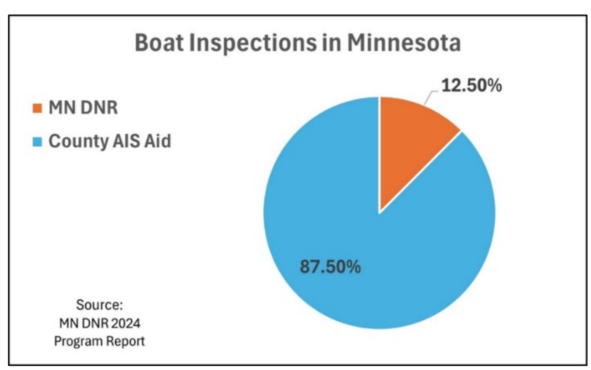


Only 8% of Minnesota's waters are listed as infested with AIS.
(2025 Infested Waters List)

Based MN DNR's Infested Waters data, spread of AIS has considerably slowed since 2015 which is directly correlated with the investment of AIS Prevention Aid funding.

AIS Prevention Aid Funding is Working!

- AIS Prevention Aid supported an average of 883 jobs and leveraged 7305 hours contributed by 538 volunteers.
- AIS Prevention Aid funded grant programs award around \$1.8 million annually to 200 local partner's projects leveraging over \$1.2 million in additional funding.
- AIS Prevention Aid programs conducted AIS surveys on over 640 lakes and rivers in 2022 resulting in 45 new AIS infestations detected in 35 Counties and reported to MN DNR.

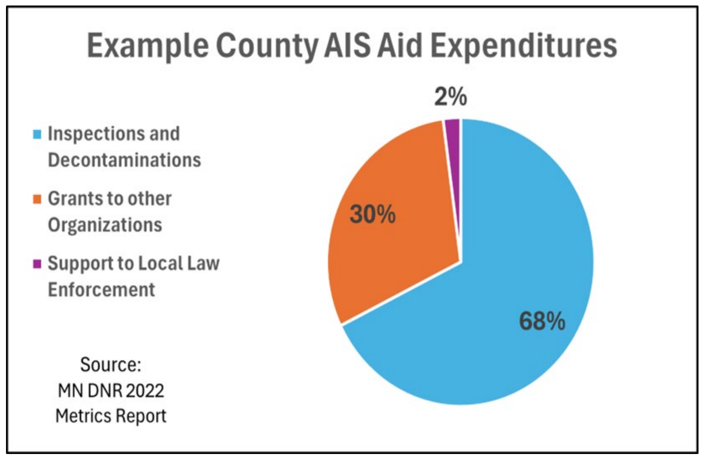


AIS Prevention is a Team Effort.

- Networks involved 285 lake associations, over 40 conservation groups, 250 businesses, 80 schools/youth organizations and 145 local governments.

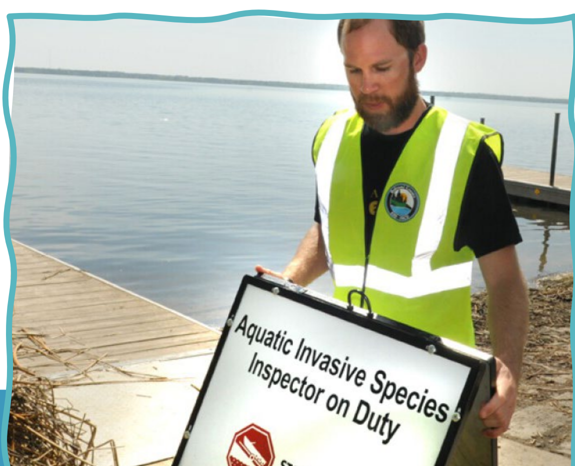
- Local planning and implementation efforts have been guided by 35 county AIS task forces and committees which are largely supported by county AIS plans.

- Enforcement by training 112 local officers who enforced AIS laws in nearly 20 counties reaching over 5,600 boaters.



- Communications and outreach which educated nearly 39,000 residents and visitors during nearly 190 public events, over 30 counties that taught nearly 13, 400 children about AIS prevention and 25 counties posted prevention messages on social media.

> "Without County AIS Aid funding, we wouldn't have a program.
> And every decrease in funding will result in a proportional decrease in our program's activities, putting Minnesota's lakes at greater risk."
>
> \- Steve Henry, Cass County AIS Program Coordinator



Association *of* Minnesota Counties

May 5, 2025

Chairs Davids and Gomez, Leads Joy and Norris, and Members of the House Tax Committee:

On behalf of the Association of Minnesota Counties (AMC), an organization representing all of Minnesota's 87 counties, we write to offer the following feedback on HF 2437 (*as amended by the A25 amendment*), the House's omnibus tax bill. Please do not hesitate to reach out to AMC if we can be helpful in the coming weeks.

AMC supports the inclusion of the following:

- **SCORE funding increases for FY 26 and FY 28** [Article 7, Sec. 18]**.**
  We appreciate this committee's awareness of the critical role the SCORE program plays in reducing waste and enhancing recycling activities throughout Minnesota and the recognition that we should be reverting *more* of the solid waste management tax back to these core activities. Counties play a significant role in managing our State's solid waste and recycling programs and the job is not getting easier. Dated infrastructure and diverse waste needs mean local communities are stressed to find the resources to keep up with demands and expectations. SCORE funding is a key pillar to keep the system afloat. We thank the committee for their support of the provision to provide onetime funding increases in the program and hope these conversations will continue in future sessions.

- ***Alliance v. Hennepin* Fix** [Article 2, Sec. 3]**.**
  Counties appreciate the bipartisan support and recognition of the need to address outcomes related to the *Alliance v. Hennepin* Minnesota Supreme Court case. If left unfixed, county assessors will be required to deliver personal property tax statements to low-income renters who will also be disqualified from the renter's credit while the property owner will receive a benefit. AMC supports the work of Chairs Gomez and Davids to fix this unintended consequence while also preventing an ensuing (and growing) property tax shift across the State.

- **Expansion of Senior Property Tax Deferral Program** [Article 3, Sec. 1]**.**
  AMC has long supported initiatives that assist expanding more affordable homeownership options for seniors and protect the ability for seniors to age in place. We appreciate the House's leadership on this issue over the past few years as the Senior Property Tax Deferral Program has grown in scope and participation. As such, we support the income threshold changes in the bill as an attempt to make this a more viable option for interested seniors.

- **Lack of sizable property tax shifts/class changes/rate reductions.**
  We appreciate Chair Gomez and Chair Davids' tactful discussion this session of property tax proposals that seek to provide new benefits that are supported by shifting property tax burden to others. We are grateful that this year's bill limits the amount of tax base shift proposals. This principle is of critical importance given the impact of other House proposals—outside this committee—which would undoubtedly add significant property tax burden to residents, renters, and businesses if enacted. Protecting the tax base and limiting growth of shifts, exclusions, and rate reductions ensures that homeownership is a dream achievable by all and does not create unintended shifts to other distressed or disadvantaged constituency groups or a dwindling amount of "remaining" taxpayers who shoulder a disproportionate amount of burden.

AMC opposes the following:

- **Removal of Local Cannabis Aid account and payments to cities and counties** [Article 7, Sec. 32]**.** Cities and counties fought hard in 2023 to secure new and historic resources from the new cannabis gross receipts sales tax. This advocacy was grounded in acknowledging our duties in the industry surrounding land use/zoning, registration, age compliance checks, and local public health outreach to youth in addition to national models that universally provided local governments with some degree of shared resources or ability to generate local sales taxes off the newly legalized product. The elimination of this aid will mean that our obligations will be funded with taxpayer resources and will deprive our communities of valued revenue that helps alleviate general costs and tax burdens.

We appreciate the opportunity to provide feedback and look forward to working with Committee members in the coming days/weeks.

Sincerely,

Matt Hilgart
Association of Minnesota Counties (AMC)

Intergovernmental Relations Department
350 S. Fifth St. – Room #301M
Minneapolis, MN 55415
www.minneapolismn.gov

May 5, 2025

Chair Gomez, Chair Davids, and Members of the House Taxes Committee,

Thank you for the opportunity to provide comments on the 2025 House Tax Bill.

Redevelopment TIF Districts for Underutilized buildings

Thank you for including the provision that allows the use of redevelopment TIF districts for converting underutilized buildings in the Cities of Minneapolis and St. Paul (Article 5, Sec. 1). Like many cities across the country, Minneapolis has experienced a shift in downtown activity coming out of the COVID-19 pandemic. As downtown office buildings decline in value, particularly relative to other uses throughout the city, it shifts property tax burden to other, primarily residential, taxpayers in Minneapolis. This TIF provision will help to revitalize our downtown by supporting the conversion of underutilized buildings for new uses, supporting the tax base in downtown for the long-term, and helping to ensure that the tax burden does not unfairly fall to low-income homeowners and renters.

Emerald Ash Borer (EAB) Financial Assistance

We appreciate the inclusion of $400,000 in aid to the City of Minneapolis for Emerald Ash Borer removal (Article 7, Sec. 29). Residents in the City of Minneapolis continue to face significant costs for the removal, replacement, and treatment of ash trees. The City of Minneapolis Health Department is currently administering a financial assistance program funded through the U.S. Department of Agriculture Forest Service. This Condemned Tree Assistance Program provides aid to eligible property owners to pay for the removal of diseased, infested, and hazard trees since the program began on July 1, 2024. For trees removed prior to July 1, 2024, payment was collected by the Minneapolis Park & Recreation Board and assessments are collected by Hennepin County. To improve efficiency and ease the ability of residents to utilize these funds, we suggest including these local units of government to pay eligible homeowners for their assessed costs for trees removed before July 1, 2024. In addition, due to the intergovernmental coordination required to disburse these funds to residents, we would appreciate a portion be set-aside for the local governments to administer the program. Finally, the current federal administration has removed the Environmental Protection Agency's Environmental Justice Screening and Mapping Tool. We recommend using the Minnesota Pollution Control Agency's Environmental Justice Areas map or identify priority areas in other way suggested by community members.

Solid Waste Management Tax

We appreciate the provisions to allocate a portion of the Solid Waste Management Tax (SWMT) proceeds that are credited to the Environmental Fund (Article 7, Sec. 18) as these funds are currently going to the General Fund. These funds would then be deposited in the Resource Management Account and spent on certain County waste reduction and recycling programs. Due to its own County Solid Waste Management fee, Hennepin County chooses to pass 100% of the SCORE funding it receives onto its cities. While these one-time appropriations for FY 2026 and FY 2028 will be helpful, the amount of funding we receive does not cover the cost of the recycling program. This is why we continue to support and recommend that the remaining 27% of SCORE funds be redirected back to its intended purpose, so that additional funding can be sent to counties, and in some cases like ours, be passed onto cities each year.

Property Tax Exemptions and Clarification

The City of Minneapolis supports the provision in Article 3, Section 2, that limits property tax exemptions for charitable rental housing. This provision provides clarity to cities and counties and ensures that residents living in nonprofit housing are not personally responsible for property taxes and remain eligible for property tax refunds.

Thank you for including language related to property tax exemptions for properties located in Minneapolis owned by Red Lake Nation College, Leech Lake Band of Ojibwe, and Mille Lacs Band of Ojibwe. This language provides important clarity to our City Assessor's office.

Land-Value Taxation District

The City of Minneapolis supports the provision in Article 7 that would allow us to establish a land-value taxation district.

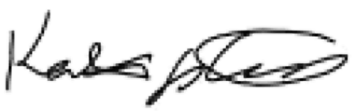
Repeal of Local Cannabis Aid

We are concerned about the repeal of the Local Cannabis Aid. Local governments have many responsibilities related to cannabis legalization that extend beyond the fees we are authorized to charge for registration. Examples of these responsibilities include local verification, odor mitigation, and age verification checks and enforcement.

While we recognize that many of these activities aren't occurring yet because the roll out of cannabis legalization is still happening, we anticipate that in future years there will be significant costs to local governments. We recommend keeping the account in statute, even if it won't be funded in the next biennium, so that it can be funded in the future to help with local government costs related to cannabis legalization.

Thank you for your consideration of these comments.

Sincerely,



Katie Topinka
Director, Intergovernmental Relations

CARLTON COUNTY
MINNESOTA

Veterans Services
Duane J. Brownie
Veterans Service Officer
Phone 218.499.6838

March 10, 2025

To: Members of the House Tax Committee

From: Duane J. Brownie, CVSO

RE: Impact of Veterans Property Tax Exclusion Program

Dear Members of the House Tax Committee:

I am writing this letter in conjunction of support with my County Assessor (Kyle Holmes) along with the Carlton County Board of Commissioners regarding the Veterans Property Tax Exclusion Program. As we all know this is a huge benefit for the 295,000+ veterans who live in Minnesota. For those veterans that can qualify for this program it has helped them substantially at the local community levels.

Unfortunately, many veterans also do not meet the criteria for this benefit from the State of Minnesota. In fact, those non-qualifying veterans are forced to subsidize their own fellow veterans with costs rising at the local levels, due to increases in local county, city, township, and school district tax increases.

I have been with Carlton County for 27+ years and have seen many changes, good and bad, for the citizens of Minnesota. I have been a council member and former Mayor for the City of Wrenshall (10 years) and understand that one must try to **be fair to all your taxpaying citizens**. When this Veterans Property Tax Exclusion was created back in 2008, I am sure none of us ever anticipated the long-term cost this program would have to the local taxpayers when first initiated. With changes in Federal Law and the long-drawn-out conflicts across the world, this has opened the flood gates for veterans to apply for disability benefits from the Veterans Administration (VA), which only encourages veterans to attempt to meet the 70% or greater disability rating from the VA.

I believe that this program from its infancy should have been handled at the State of Minnesota level. This would have allowed all residents of Minnesota to bear the costs/tax increases to help all veterans on this program equally. By not cost sharing this program statewide, this penalizes all local taxing authorities only because they may have a significant higher disabled veteran population, which again puts more financial strain on those small counties, cities, townships, and school districts who benefit from having veterans live within their local communities.

My Carlton County Board of Commissioners have **NEVER** opposed this program but merely strived to have it as an equal and fair taxation statewide rather than only a local levy problem. With the State of Minnesota having such a huge surplus ($17.0B) that would have been the proper timing to create the fairness statewide which would have helped all taxpaying citizens and veterans alike. I can only hope that you as committee members think equally and fairly of all taxpaying citizens of Minnesota and continue making decisions that affect the most communities and the most residents of this great state.

Respectfully,
Duane J Brownie, CVSO

Minnesota Forestry Association
150th Anniversary
1876–2026

May 5, 2025

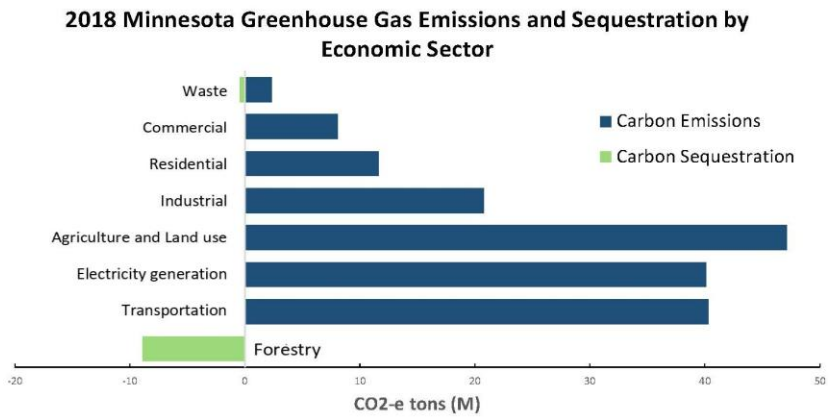
Chair Davids, Chair Gomez, and Committee Members:

The Minnesota Forestry Association ("MFA") was founded in 1876. We are the nation's first forestry association and the oldest conservation organization in Minnesota. We are a valuable resource for Minnesota's 200,000+ private woodland owners. Additionally, our constituents include foresters, loggers, educators, businesses, sportsmen/women, conservation organizations, and concerned citizens.

We write today in opposition to the provision in H.F. 2437 that proposes significant reductions to the Sustainable Forest Incentive Act ("SFIA") payments. We know this portion of the bill is not in the best interests of Minnesota woodland owners and the long-term health and productivity of Minnesota's forests.

Landowners enrolled in the SFIA program do so under legally binding contracts with the State of Minnesota, with covenant terms extending up to 50 years. These contracts outline specific responsibilities for landowners, including adhering to sustainable forest management plans, following harvesting guidelines, and often providing public access. In return, landowners are promised an annual payment based on an established formula. Minnesota Statutes 290C.07(b) explicitly states that "The calculated payment must not increase or decrease by more than ten percent relative to the payment received for the previous year. In no case may the payment be less than the amount paid to the claimant for the land enrolled in the program in 2017". The proposed reduction in H.F. 2437 directly violates this statute and fundamentally alters the terms of the agreements made with participating landowners. If the State demonstrates a willingness to renege on its commitments – even to address a short-term budget shortfall – it will severely damage public perception of long-term conservation agreements, discouraging future enrollment in SFIA and other vital programs.

Minnesota has set ambitious goals for addressing climate change. Our forests play a crucial role in achieving these goals as our forestry sector is the ***only significant*** net carbon negative economic sector for Minnesota:



Graph generated from the following data source:
Minnesota Pollution Control Agency. "Greenhouse Gas Emissions (CO2-e Tons) by Sector, Activity, Source, GHG and Year." *Greenhouse Gas Emissions Data*, Tableau.com, 1 Jan. 2021, public.tableau.com/app/profile/mpca.data.services/viz/GHGemissioninventory/GHGsummarystory. Accessed 4 Jan. 2023.

As illustrated, forestry annually absorbs a significant portion of the state's carbon emissions whether the forests are preserved or harvested for forest products. As envisioned over 20 years ago by the Minnesota Dept of Revenue, Minnesota Forest Resources Council and the Minnesota Forestry Association, the SFIA program directly supports forest management practices that enhance carbon sequestration by encouraging landowners to keep their land forested and sustainably managed. Reducing SFIA payments jeopardizes these efforts at a time when the state has set ambitious goals to reduce carbon emissions.

For these reasons MFA urges the committee to remove the SFIA reductions from your final bill.

Sincerely,

Brian Huberty
President – Minnesota Forestry Association
president@minnesotaforestry.org

4932-1312-6719, v. 2

PO Box 22262, Saint Paul, MN 55122 * 952-854-1317

House Taxes Committee
Co-Char Rep. Gomez
Co-Chair Rep. Davids
Committee Members

Re: HF 2347 May 5, 2025

Greetings,

As Executive Director of Minnesota Lakes and Rivers, I am writing on behalf of the over 500 lake associations and their 100,000 members, including lake home and cabin owners, anglers, resort owners and others interested in Minnesota's lake and river heritage, to thank you for your support of local efforts to protect Minnesota's iconic lakes and rivers from Aquatic Invasive Species, AIS.

There is great wisdom in your support of this program. As the graph on the attached one-pager shows, by engaging local communities across the state this funding has leveraged additional citizen resources and literally bent the curve on the rate of new AIS infestations in Minnesota.

The secret sauce is Minnesotans. By directing AIS funding to local communities, we leveraged the passion Minnesotans have for our waters. According to a 2017 Concordia College study, Lake Associations contribute about 1.2 million hours of volunteer time towards protecting Minnesota's waters and donate over $6 million to lake and river management annually.

County AIS Prevention Aid is an impact amplifier and has made Minnesota unique in our ability to prevent and manage the spread of aquatic invasive species. It generates innovation, provides boots on the ground, creates a fertile field for early adopters, and serves to engage and organize local civic infrastructure to protect lakes.

We are grateful to the House Taxes Committee for recognizing the innovation and power of this model, and choosing to fully fund the County AIS Prevention Aid formula.

Thank you for the work you do on behalf of the people of this state.

Sincerely,

Jeff Forester, E.D. MLR

CONSERVATION MINNESOTA

May 6, 2025

RE: HF2437 (Davids), SCORE Grant Funding

Co-Chair Gomez, Co-Chair Davids, and Members of the House Taxes Committee:

Conservation Minnesota writes to you to express our support for the increase in funding for SCORE grants included in the DE for HF2437 (Davids). These grants are an important way to support solid waste management across the state, and we are pleased to see this rededication of solid waste management taxes to their original intent.

The Minnesota Pollution Control Agency uses Solid Waste Management Tax revenues for several important purposes, including helping counties reduce the amount of solid waste generated, increasing recycling and composting rates and services, educating the public on better solid waste disposal options, decreasing litter and improving overall solid waste management across the entire state.

SCORE grants have been a critical piece of our solid waste management solutions since 1989, when they were first passed into law, and have helped Minnesota become a national leader in recycling. Over time, however, revenue from the Solid Waste Management Tax has been moved away from SCORE grants, which puts the continued growth of our waste management system at risk and threatens counties' abilities to provide the services we have come to rely on.

On top of supporting these solid waste programs, SCORE grants and reporting also help us better understand the gravity of our current waste situation. We now know that the sheer tonnage of solid waste produced in Minnesota cannot be managed by our outdated systems, and improvements are needed to meet this crisis. As has been done for three decades, counties will use SCORE funding to develop better, more resilient waste management processes.

In closing, we strongly support the increase to SCORE grants in HF 2437 (Davids). As e-commerce and deliveries continue to make up a greater share of our economy, and household waste increases, these funds are critical to ensuring our counties have the resources to manage this waste and maintain Minnesota's place as a leader in recycling.

Sincerely,

Nels Paulsen
Policy Director
nels@conservationminnesota.org

James Lehner
Policy Associate
james@conservationminnesota.org

May 6, 2025

Chair Davids, Chair Gomez, and Members of the House Committee on Taxes,

On behalf of the Minnesota Inter-County Association (MICA) thank you for the opportunity to provide written comments on the delete everything amendment to HF2437, the omnibus tax bill. At a high level we appreciate that the authors took a more surgical approach in meeting their target rather than blanket across the board reductions in specific county aids. This ensures that one specific part of the state doesn't end up seeing significant aid reductions across multiple programs.

Repeal of Local Government Cannabis Aid
There are a couple issues with the repeal of the local government cannabis aid that we would ask the committee to consider. Minnesota law allows local governments to limit permits to retail operators to no fewer than one registration for every 12,500 residents. Having the cannabis aid in place paired with this limited authority provides a financial incentive to local governments to allow more than the minimum number of retailers if they so choose. By permanently removing this aid, that financial incentive that gives local governments "skin in the game" is gone. Due to this issue we would ask the committee to consider reinstating the cannabis aid after fiscal year 2029. This would treat this revenue raiser similar to others used in the bill and still provide a long term financial incentive to local governments as the retail industry comes on line in the coming months.

Preventing property tax shift onto low income housing tenants and other properties
We support Article 3 Section 2 which would clarify state law and policy regarding the taxation of residential properties owned and leased by institutions following the Alliance Housing v. Hennepin County decision last year from the state Supreme Court.

The Department of Revenue issued guidance to county assessors last summer which made it clear that because of this decision beginning with assessment year 2025 certain low income housing tenants would have to pay property taxes for the first time. The memo also referenced potential changes to the renters credit, which we've since confirmed tenants could end up losing eligibility for the that benefit. The language in this bill would not only prevent those two issues from occurring, it would also prevent the property tax shift onto homeowners that would otherwise occur as well. That property tax shift hasn't been quantified but would be significant in numerous counties in and outside the metro.

Solid Waste Management Tax Dedication
MICA strongly supports the allocation of additional solid waste management tax (SWMT) revenue to the environmental fund for county SCORE grants in FY2026 and FY2028 (Article 7, Sec. 18). While more limited than our original request outlined in HF1359 (Johnson, W.), we appreciate the committee's dedication to funding SCORE in the face of a difficult budget situation. SCORE funding is the primary source of state support to fund recycling activities, and

MINNESOTA INTER-COUNTY ASSOCIATION

these one-time investments will help keep more waste out of landfills and allow counties to make investments in the infrastructure and programs needed to manage Minnesota's increasing solid waste challenges.

Studies on local sales tax and property taxes

While there are concerns about an extension of the local sales tax moratorium included in Article 2, Section 7, the bill also creates a task that would have legislators from both bodies issue a report that would examine the historical use of local sales taxes in Minnesota, compare local sales taxes to other local revenue sources, and make recommendations. Similarly, Article 3, Section 17 requires the Commissioner of Revenue to issue a report advantages and disadvantages of reducing property taxes through various mechanisms. MICA is generally supportive of some type of general authority for local sales taxes and the state providing assistance to address property taxes at the local level. We would be happy to play a supporting role in these studies and offer expertise as they do their work.

Debt obligation definition

MICA supports the language in Article 6 Section 2 which expands the definition of "debt obligations" to include county debts for the construction of certain public safety projects that are connected with projects that are already included. This is a small but important change that will make certain infrastructure projects more affordable to build without a cost to the taxpayer.

We appreciate the Committee's consideration of these issues and stand ready to work with committee members as the bill moves to the floor and conference committee.

Sincerely,

Nathan Jesson

Nathan Jesson, Minnesota Inter-County Association

St. Louis Park
MINNESOTA
Experience LIFE in the Park

May 5, 2025

Co-Chair Davids and Co-Chair Gomez,

I am reaching out to you today to express support and gratitude from the City of St. Louis Park on inclusion of H.F. 1159 in the House Tax bill. The City of St. Louis Park supports increasing housing opportunities for all residents, including policies that build and maintain housing and aid in associated costs.

The City of St. Louis Park is currently included in special TIF legislation to allow the Cities of St. Louis Park, Minnetonka, and Richfield to deposit unobligated pooled TIF into an affordable housing trust fund to facilitate the construction and preservation of affordable housing. The City of St. Louis Park has been extremely successful and utilized the temporary special legislation to access almost $5 million and construct over 400 units of affordable housing and preserve another 400+ units of affordable housing. As St. Louis Park, Minnetonka, and Richfield have seen great success with the special TIF legislation, we are very supportive of offering this resource statewide.

Thank you for your support. Please feel free to contact me at KBarton@stlouisparkmn.gov or 612.357.1182 with questions.

Sincerely,

Karen Barton

Karen Barton
Community Development Director

LMC LEAGUE of MINNESOTA CITIES

May 6, 2025

Re: HF 2437 DE – House Omnibus Tax Bill

Chair Davids, Chair Gomez, and members of the House Taxes Committee:

The League of Minnesota Cities appreciates the opportunity to comment on the delete everything amendment to HF 2437 on behalf of our 842 member cities.

Local Sales Taxes

The League supports streamlining the local sales tax process and providing general authority for cities to bring proposals to the voters without requiring the passage of a special law. The League participated in the 2023 Local Taxes Advisory Task Force and supported the recommendations of that task force.

We would ask the committee to not extend the moratorium on local sales taxes and allow cities to bring proposals to the legislature for consideration during the 2026 session. There are many cities that have been waiting for more than two years to bring a proposal to the legislature. The extension in article 2, section 7 of this bill is likely to result in a growing backlog of requests in 2027 and only adds to the instability of the current process. At a time when cities are facing ever increasing costs, losing federal funding for critical infrastructure, stagnating local government aid, and shrinking state bonding bills, cities are trying to find alternative ways to fund their needs and keep property taxes down.

Institutions of Public Charity

The League supports the language in article 3, sections 2 and 7 that limits the property tax exemption under institutions of public charity for rental housing.

Property Tax Reduction Strategies Report

Services provided by Minnesota cities have been largely funded through a combination of property taxes, state aids, and state property tax relief. The state and local fiscal partnership has relied on this combination to ensure that municipal services can be funded without excessive local tax burdens. We hope that the report in article 3, section 21 will also discuss market valuation trends for all types of property.

Local Government Aid (LGA)

The League appreciates the inclusion of article 4 in this tax bill. We work with cities and the Office of the State Auditor to bring cities into compliance with financial reporting requirements, so they are able to receive their aid. Across Minnesota, LGA is critical to ensuring that cities are able

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to provide a basic level of services and infrastructure without over-reliance on the property tax, to fulfill state mandates, and to continue to be effective contributors to the state's well-being and prosperity.

Tax Increment Financing (TIF)
The League supports the general changes to TIF in article 5, including the one-year extension of the use of unobligated funds, the increase of increment that can be used by non-housing districts for housing, allowing certain transfers to local housing trust funds and the ability to use income-averaging for some housing districts to quality for funding

We are also very grateful for the inclusion of the 18 special city-specific provisions for 14 communities across the state.

We apricate the inclusion of an extension of the five-year rule to 10 years, the extension of the six-year rule to 11 years, and the new limits on income limitations in housing districts for communities outside the metropolitan area. While the League strongly supports these changes, we would value some consideration of making these adjustments applicable to all cities statewide would do much to reduce the need for city-specific TIF legislation in the future.

Local Cannabis Aid
The League does not support eliminating Local Government Cannabis Aid in article 7, section 16. This aid was created in recognition of the regulatory work cities with cannabis retailers will be doing. This aid will provide cities with retailers a resource for age verification requirements, local registration, and other important compliance work.

State Housing Tax Credit
The League appreciates the inclusion in article 1, section 15, which would allow a housing project in Greater Minnesota that is eligible for workforce housing development grant funding to also benefit from resources provided by the State Housing Tax Credit. This change will better align the state housing tax credit with existing Minnesota Housing programs for workforce housing development.

In general, the League of Minnesota Cities is grateful for the work of the committee and its members to help cities both specifically and in general on tax issues and the openness of the Chairs to our consultation and advocacy. We look forward to working with you as this bill progresses.

Sincerely,

Beth Johnston
Intergovernmental Relations Representative

Pierre Willette
Senior Intergovernmental Relations Representative

MID-MINNESOTA LEGAL AID

May 5, 2025

Minnesota House Committee on Taxes
5th Floor Centennial Office Building
St. Paul, MN 55155

Dear Chair Gomez, Chair Davids and Members of the House Committee on Taxes:

The Legal Services Advocacy Project (LSAP) appreciates the opportunity to provide written testimony in support of a few provisions in the DE Amendment to HF2437.

LSAP and the Minnesota Disability Law Center (MDLC) are statewide projects of Mid-Minnesota Legal Aid. MDLC provides free legal services to children and adults with disabilities. LSAP is the advocacy arm of Legal Aid and has provided legislative and administrative advocacy on behalf of Minnesotans with low incomes since 1977.

First, Legal Aid is happy to support the $100 baby bonus that bolsters our state's Child Tax Credit for children, and ultimately supports the economic security of Minnesota families. Having an infant creates significant financial pressures in families. Where the state budget allows for improvements to the Child Tax Credit and investments in families, a larger credit for the youngest children is a great investment. We know that offering support and resources to families during this critical time for child brain development is good policy.

Second, Legal Aid appreciates the provisions ensuring that victims of coerced debt who receive relief from the courts will not be subject to tax consequences.

Finally, we appreciate the attention to solving the Alliance Housing issue and hope that it can be made clear that regardless of the tax status of the property, renters will not be subject to property tax liability.

Legal Aid had hoped the proposal to cover 18-year-old youth in the Child Tax Credit could move forward but we understand that the current contours of the targets did not allow for additional investment in youth and families.

We appreciate your work and continued consideration.

Sincerely,

Ron Elwood, Supervising Attorney, and Jessica Webster, Staff Attorney
Legal Services Advocacy Project

May 5, 2025 VIA EMAIL

Representative Greg Davids, Co-Chair
Representative Aisha Gomez, Co-Chair
Members of the House Tax Committee
Minnesota House of Representatives
St. Paul, MN 55155

Dear Co-Chairs Davids and Gomez, and Members of the House Tax Committee:

On behalf of the St. Cloud Regional Airport, I want to extend our sincere appreciation for your inclusion of the airport property tax exemption language in House File 443. This important provision will significantly strengthen the ability of regional airports like St. Cloud to grow as hubs for economic development and job creation.

For years, property tax burdens on airport leaseholds have created a major hurdle for attracting and retaining aviation-related businesses. By removing this disincentive, your committee is helping level the playing field—making it far more feasible for the St. Cloud Regional Airport to expand aircraft maintenance, manufacturing, and other commercial operations. These are high-wage, high-skill industries that bring lasting value to the Central Minnesota economy.

We are grateful for the bipartisan support that helped advance this commonsense reform. House File 443 is a strong example of policy that supports long-term, regionally driven economic development.

Thank you for your work on behalf of Minnesota's airports and aviation economy. We look forward to the positive impact this legislation will have on the St. Cloud Regional Airport and airports across the state.

Sincerely,

William P. Towle
Airport Director

CC: Rep. Dan Wolgamott, Rep. Bernie Perryman

MAAO
Minnesota Association of Assessing Officers

May 5, 2025

Dear Chair Gomez and Chair Davids,

On behalf of the Minnesota Association of Assessing Officers (MAAO), I am writing to submit comments regarding the House Taxes Committee's omnibus tax bill.

Low-income housing exemption solution

MAAO supports the inclusion of language correcting issues arising from the Alliance Housing v. Hennepin County Supreme Court decision. The decision exempts housing providers who qualify as purely public charities. Due to the provisions in Minn. Stat. §273.19 and the cascading effects of such an exemption, assessors must review the circumstances of each tenant. In this case, low-income individuals and families. In addition to administratively problematic, assessors are required to establish taxation in the form of personal liability upon tenants for taxes payable in 2026. Assessors across the State of Minnesota are grateful for your inclusion of this solution.

Land value taxation districts

The inclusion of language allowing cities to set up districts to redistribute taxes associated with land values is of particular concern. This grants a significant amount of flexibility and is inconsistent with the overall tax system in the State of Minnesota, as well as a diminishment of uniformity. If a district contains both commercial and homesteaded property, a homesteaded residential or agricultural property may be required to contribute to the state general levy or fiscal disparities while like properties outside of the district would not. It is unclear who is responsible for notifying, calculating and collecting this new form of tax. Additionally, the current tax structure in the State of Minnesota has a property's overall market value as the basis for taxation. This provision allows for an appeal of land valuation only, which would be a new form of appeal in Minnesota. In established communities with few land sales available, this proves problematic and invites inconsistencies due to a lack of available land sale data.

We appreciate the Committee's consideration of our remarks and concerns and stand ready to work with committee members as the omnibus tax bill progresses.

Sincerely,

Joshua R. Hoogland
Minnesota Association of Assessing Officers

March 31, 2025

Senator Aric Putnam
95 University Avenue W.
Minnesota Senate Bldg., Room 3215
St. Paul, MN 55155

Representative Bernie Perryman
2nd Floor Centennial Office Building
St. Paul, MN 55155

Re: Support of HF 2888 (Perryman); SF 2945 (Putnam) –Extension for Cooper Avenue Redevelopment District

Senator Putnam and Representative Perryman:

First, let me express my gratitude for your willingness to author and carry the above legislation. This effort is so important for the future of a keystone site in St. Cloud which is located in the southwest quadrant of Highway 23 and Cooper Avenue (the "Project"). (See attached.)

The City designated the Cooper Avenue Redevelopment District as a "catalyst site" under our Comprehensive Plan. The successful redevelopment of this site is key to the future of a wider area, serving as a catalyst for public improvement and economic development in this important corridor just west of downtown St. Cloud. Preparation for redevelopment of the area began with the documentation of blight, demolition of substandard structures, and removal of a power substation, which represents an investment in redevelopment activities that exceeds $4.2 million.

In 2021, the City entered into a Preliminary Development Agreement with Sanvik Developments, LLC to facilitate redevelopment and the removal of remaining buildings. Like many projects around the state, the Covid pandemic, followed by a dramatic increase in financing and construction costs, including unprecedented increases in interest rates, has delayed commencement of the Project.

Today, there is significant interest in the marketplace for redevelopment of the site, including for commercial, multifamily, service, and medical office uses. Extension of the TIF district as proposed allows for an orderly process to complete the removal of buildings, plan public improvements, and secure private financing of the Project.

In summary, millions of dollars of public and private investment have positioned this important corner for redevelopment, serving as a catalyst for redevelopment of the entire corridor. This modest extension will ensure that the City has the necessary economic development tools to accomplish its vision for job creation, increased tax base, and public improvements in the Project area.

Again, we are grateful for your support of our efforts and extension of the Cooper Avenue Redevelopment District. Please let me know if you need anything from me or my staff.

Best wishes,

Jake Anderson, Mayor
City of St. Cloud

May 6, 2025

The Honorable Greg Davids and Honorable Aisha Gomez
Minnesota House of Representatives
Centennial Office Building
St. Paul, MN 55155

Dear Members Chair Davids, Chair Gomez and Members of the House Tax Committee,

Thank you for the opportunity to submit comments on behalf of the Minnesota Business Partnership (MBP) regarding House File 2437. The MBP represents more than 100 business leaders whose companies collectively employ nearly 500,000 Minnesotans.

We appreciate the work that has gone into crafting HF 2437. This bill is shaped by compromise and presents a foundation that we hope lawmakers across the aisle can support. As negotiations continue into the tax conference committee, we encourage constructive dialogue on key tax policies that support Minnesota's economic competitiveness - particularly the research and development (R&D) tax credit refund.

We are grateful to Governor Walz for including the refundable R&D tax credit in his budget proposal and for his continued commitment to restoring Minnesota's leadership in innovation and research.

Minnesota is uniquely positioned to lead the nation in R&D and innovation. With institutions like the University of Minnesota and the Mayo Clinic, along with a thriving business ecosystem spanning medical technology, advanced manufacturing, aerospace, powersports, and food science, our state has the infrastructure and talent needed to fuel next-generation breakthroughs.

Making the R&D tax credit refundable—up to 25%—ensures that when a company's investment in R&D exceeds its tax liability, the excess is refunded. This policy would directly incentivize increased R&D activity, spurring capital investment and creating high-quality, high-wage jobs. These are the jobs that every state seeks, negotiates for, and is actively trying to recruit to their state—skilled, well-compensated positions that drive sustained economic growth.

Thank you for your continued attention to this important matter. We look forward to ongoing collaboration in support of policies that strengthen Minnesota's economic competitiveness.

Sincerely,
Gavin Hanson
Fiscal and Economic Policy Director
Minnesota Business Partnership

80 S EIGHTH STREET 4150 IDS CENTER MINNEAPOLIS MINNESOTA 55402
T 612 370 0840 @BIZPARTNERSHIP MNBP.COM

METRO CITIES

Association of Metropolitan Municipalities

May 5, 2025

Dear Chairs Davids and Gomez, and Members of the House Taxes Committee:

Metro Cities, representing the shared interests of cities across the metropolitan area, appreciates the opportunity to comment on specific provisions in the delete all amendment to HF 2437, the omnibus taxes bill.

Metro Cities opposes extending the current moratorium on establishing new local sales and use taxes until June 30, 2026, that is contained in Article 2, Section 7. Metro Cities' policies generally support allowing cities to diversify local revenues. Metro Cities continues to support allowing cities to impose local sales taxes without legislative authority, for certain capital improvements, and to this end, generally supported the recommendations of the recent task force conducted by the Department of Revenue, on a general framework and eligible uses.

Metro Cities supports language in Article 5, Section 5, that allows projects using income averaging under the low-income housing credit program to qualify for tax increment financing and language in Article 5, Section 6, that increases the percentage of increment that can be used for housing purposes, as well as allowing transfer of the increment to a local housing trust fund. These provisions help to expand this important tool and will assist local housing efforts and projects.

Metro Cities opposes a repeal of the local cannabis aid program, contained in 7, Section 30 of the amendment. Metro Cities supported the establishment of the aid when adult use cannabis was legalized, as a means to support cities in managing local functions and services associated with implementation of the law at the local level.

Thank you for your consideration of this letter as the committee advances an omnibus taxes bill.

Sincerely,

Patricia Nauman
Executive Director

145 University Ave W · St. Paul, MN 55103-2044 · Phone: (651) 215-4000 · www.MetroCitiesMN.org

MINNESOTA LAND TRUST

Chair Aisha Gomez
House Taxes Committee
Centennial Office Building
St. Paul, MN 55155

Chair Greg Davids
House Taxes Committee
Centennial Office Building
St. Paul, MN 55155

May 5th, 2025

Chairs Gomez and Davids, and Committee Members,

Thank you for the opportunity to write to you regarding HF 2437, the House Omnibus Tax Bill. The Minnesota Land Trust is a conservation organization that works with private landowners to conserve land through voluntary land conservation agreements.

We are writing in support of HF 632 (Nadeau) which would have allowed counties to consider conservation easements when valuing properties for tax purposes. As introduced, the bill would have mandated metro counties to consider conservation easements, while allowing counties in Greater Minnesota the option to take conservation easements into consideration. While the bill was amended to only allow for metro counties to consider conservation easements, the Minnesota Land Trust would strongly urge the committee to consider including the original version of HF 632 in your Omnibus Tax Bill.

Prior to 2013, counties were able to consider conservation easements when valuing property. The law changed in 2013, creating a two-tiered system where landowners who have easements prior to 2013 will have their easements considered, while easements after 2013 will not. This is fundamentally unfair and goes against the property tax principal of “highest and best use”. We believe that that all landowners, regardless of their conservation intent, should be treated fairly. Under the current law, landowners who choose to protect their property in the public’s interest are singled out and not allowed to have their property assessed at its true value. We accept the fact different counties will have different needs and experiences with this, which is why counties in Greater Minnesota should given the option to whether or not to consider conservation easements in their valuation process.

Since the law change, we at the Minnesota Land Trust have seen a noticeable change in landowners who are not wanting to put their land into easements due to this very reason. A farmer who owns critical property along an impacted waterway will likely not put their land into an easement if that land will be taxed as if it were still in production. While the impacts of property tax shifts would be very small, the impacts to clean water and wildlife habitat would be huge. And it would allow county assessors to fairly and consistently assess conservation properties.

We respectfully ask the committee to consider putting HF 632, as introduced, into your House Omnibus Tax Bill.

Thank you.

Sincerely,

Minnesota Land Trust

MINNESOTA DENTAL ASSOCIATION®

May 5, 2025

Representative Greg Davids, Co-Chair Minnesota House Taxes Committee 2nd Floor, Centennial Office Building St. Paul, MN 5515	Representative Aisha Gomez, Co-Chair Minnesota House Taxes Committee 5th Floor, Centennial Office Building St. Paul, MN 55155

Dear Co-Chairs Davids and Gomez,

On behalf of the Minnesota Dental Association, I write in strong support of the 2025 House Taxes Omnibus Bill (HF2437, as amended). We specifically support the inclusion of HF1974 (Article 1, Section 7), which allows an income tax subtraction for student loan assistance payments exceeding $5,200 by critical access dental (CAD) providers.

Access to dental care remains a significant challenge in Minnesota, particularly in rural and underserved communities. Many clinics face persistent workforce shortages, making it difficult for patients to receive timely care. CAD providers are essential in addressing these gaps, yet recruiting and retaining providers in these settings remains difficult.

CAD providers serve a high volume of patients enrolled in Minnesota's Health Care Programs (MHCP), including Medical Assistance and MinnesotaCare. To qualify as a CAD provider, a dentist must work in a nonprofit clinic, a federally qualified health center, a city or county owned hospital-based setting, or be affiliated with a dental higher education program. Private practice dentists may also qualify if a portion of their patient base consists of uninsured individuals or MHCP enrollees.

Given that CAD providers care for many of Minnesota's most vulnerable residents, ensuring a stable workforce is critical. The tax incentives in this bill will help recruit and retain skilled dental professionals in these high-need communities, strengthening access to care for those who need it most.

Thank you again for the inclusion of this provision. A strong dental workforce leads to better patient access and improved oral health outcomes.

Sincerely,

Dan Murphy, MPP
Director of Government Affairs
dmurphy@mndental.org
612-767-4255

About the Minnesota Dental Association
The Minnesota Dental Association is the voice of dentistry in Minnesota, representing practicing dentists. It is committed to the highest standards of oral health and access to care for all Minnesotans. Learn more at: www.mndental.org.

Minnesota Realtors® 11100 Bren Road West | Minnetonka, MN 55343 952.935.8313 | 800.862.6097 www.mnrealtor.com

May 5, 2025

Chair Gomez, Chair Davids, and Members of the House Taxes Committee:

Thank you for the opportunity to submit written testimony on HF 2437 (A25-0075 DE amendment), the omnibus tax bill.

Minnesota Realtors® (MNR) was founded in 1919 and is a business trade association with a membership of over 21,000 real estate professionals statewide.

Modifying the Senior Citizens' Property Tax Deferral Program (Article 3, Sections 11-14)
Article 3, Sections 11-14 of the DE amendment modifies the senior citizens' property tax deferral program qualifications by increasing the household income limit from $96,000 to $110,000.

Modifying the eligibility criteria for this program is reasonable and would provide some seniors struggling to pay their property taxes an option that will allow them to remain in their home.

Report on Strategies to Reduce Property Taxes (Article 3, Section 21)
MNR supports efforts to improve, enhance, and update Minnesota's homeowner property tax relief programs.

The provision in Article 3, Sec. 21 of the DE amendment would require the commissioner of revenue to submit a report to the legislature describing the advantages and disadvantages of reducing property taxes through different policy approaches.

Minnesota's homestead credit refund program, the targeting property tax refund, and the homestead market value exclusion are important property tax relief programs for homeowners.

Rising property taxes are contributing to the growing financial pressure on homeownership. Earlier this year, MNR's research director put together data that showed the extent to which homeowner budgets are being stretched: In 2024, the monthly PITI (Principal-Interest-Taxes-Insurance) payment on a median priced home in Minnesota was $2,551. In 2021, it was $1,622. That is an approximately 57% increase in just three years.

At a time when the cost of housing is rising and putting homeownership out of reach for some, MNR believes it is worthwhile to explore how best to reduce the property tax burden on Minnesota's homeowners to make homeownership more affordable and sustainable.

Land-Value Taxation Districts (Article 7, Sections 19-23)
The land-value taxation district provisions in Article 7, Sections 19-23 of the DE amendment create a pilot program limited to the cities of Minneapolis and St. Paul.

Allowing the creation of land-value taxation districts, even as part of a pilot program, will impact specific property owners and there should be more analysis and discussion of the scope and impact of this policy, particularly how property tax burden would be shifted from some classes of property onto others.

A Federal Reserve Bank of Chicago article from November 2023 titled, *Land Value Taxes-What They Are and Where They Come From*, concluded, "*Economists have long suggested that land value taxation is more efficient and potentially better able to encourage economic development. However, examples of U.S. communities adopting land value taxation have been relatively scarce. In part, this may reflect the difficulty of identifying the magnitude of the impact of such a tax policy change*."

Again, thank you for the opportunity to submit written testimony on HF 2437 (A25-0075 DE amendment), the omnibus tax bill.

Sincerely,

Paul Eger
Senior Vice President, Governmental Affairs
Minnesota Realtors®

“To promote a zero-waste society that advocates for reducing waste, sustainably reusing resources and less landfill use.”

May 5, 2025

Representative Aisha Gomez
Representative Greg Davids
Co-Chairs, House Taxes Committee
5th Floor, Centennial Office Building
St. Paul, MN 55155

Re: H.F. 2437, House Taxes Bill

Dear Co-Chair Gomez, Co-Chair Davids, and members of the House Taxes Committee:

The Minnesota Resource Recovery Association (MRRA) represents resource recovery facilities across the state and fully support the additional allocation of Solid Waste Management Tax receipts to SCORE recycling grant funding and encourage the inclusion of this in the final 2025 Tax bill.

We greatly appreciate the provisions in Co-Chair Davids’ A25 Author’s amendment to H.F. 2437 to allocate a portion of the Solid Waste Management Tax (SWMT) to the Environmental Fund for SCORE grants to counties in Fiscal Year 2026 and Fiscal Year 2028 (Article 7, Sec. 18). We recognize the difficult choices facing the Committee and strongly support the inclusion of these one-time additional allocations to SCORE recycling grant funding in the House Taxes Bill.

Counties rely on SCORE funding to keep waste out of landfills and waste-to-energy facilities and address the health and environmental impacts of waste. Despite significant investment of local funds, statewide recycling rates have been stuck at 40-45%. SCORE grants provide local governments with resources needed to recycle more, reduce waste, foster reuse, divert organics and prevent environmental pollution from landfills.

The appropriation in this language will be very helpful as counties address ever-increasing trash quantity and toxicity challenges, allowing counties to invest in programs to achieve state recycling mandates in pursuit of a zero-waste economy.

- **MRRA <u>Supports</u> Efforts to Permanently Increase SCORE Grants |** HF 2437 advances our 2025 legislative priorities agenda in support of efforts "to allocate all revenue generated by the Solid Waste Management Tax (SWMT) to waste management activities and increase SCORE funding."
- **MRRA fully supports the long-established waste hierarchy of reduce, reuse, recycle toward achieving 'zero-waste' goals and minimal landfill disposal** | Less than 20 percent of the state Solid Waste Management Tax (SWMT) revenue is allocated to county SCORE grants even though state law assigns counties lead responsibility. Further, those SCORE grant funding levels have remained relatively flat, and well below normal inflation. By comparison, 30 percent of SWMT revenue, or about $30 million, is dedicated to the General Fund. Ironically, that General Fund portion has been increasing each year as, unfortunately, solid waste streams and landfill deposits have also continued to grow and outpace the recycling and landfill diversion work.

We appreciate the action taken in 2023 and 2024 to increase SCORE grant funding. However, with that increase, grants remain well below county investments needed to meet state recycling goals. Expanding organics collection, reduction and recycling work and expanding local markets for recycled material can cost tens of millions in infrastructure and operating expenses. Many counties report spending two to four times their SCORE allocation and still experience lost recycling opportunities due to cost constraints.

In the future, fully dedicating General Fund SWMT revenues to SCORE grants will support a more sustainable path forward for reducing waste streams and achieving state recycling goals. MRRA stands ready to work with policymakers, state agencies, communities, and the private sector to take action on public and environmental health issues in 2025 and beyond.

Sincerely,

Chris McConn, P.E.

MRRA Chair

http://mnresourcerecovery.com/

May 5, 2025

Co-Chair Aisha Gomez
Co-Chair Greg Davids
Minnesota House Taxes Committee
Centennial Building
St. Paul, MN 55155-1606

Subject: Joint Opposition to HF 2437 – Provisions pertaining to Sustainable Forest Incentive Act (SFIA) Payments

Dear House Taxes Committee Co-Chairs Gomez and Davids,

We, the undersigned, representing a diverse group of forest landowners and organizations involved in sustainable forest management in Minnesota, are writing to express our strong opposition to the portion of HF 2437 that proposes a reduction in Sustainable Forest Incentive Act (SFIA) payments.

<u>Background</u>
In 2001 the Legislature created the SFIA program (Minnesota Chapter 290C) to encourage sustainable forest management practices on private forest land, replacing the Tree Growth Tax Law of 1957. Over 40 percent of the 17 million forested acres in Minnesota are privately owned. The SFIA is administered primarily by the Department of Revenue with limited involvement from the Department of Natural Resources. The program pays private forest landowners to make long-term commitments to sustainable forest management. Enrollees must have a minimum of 20 contiguous acres of forest land. In addition, landowners must:

- have and follow a sustainable forest management plan prepared within the previous ten years by an approved plan writer;
- follow the state's timber harvesting and forest management guidelines when conducting forest management activities;
- record a covenant on the land, which restricts development and is binding for 8, 20, or 50 years; and
- allow public access if they have enrolled more than 1,920 acres.

The landowner must record a covenant on the land. The covenant, which can only be released by the Department of Revenue, prohibits the landowner, and all other owners, including subsequent owners, from developing the land in violation of SFIA. The landowner receives higher annual payments for longer covenants. Currently 706,080 acres are under the 8-year covenant, 118,015 acres are under the 20-year covenant, and 404,421 acres are under the 50-year covenant.

SFIA includes an open appropriation from the General Fund to make the incentive payments, which are taxable income for the enrollee. The total amount distributed in 2024 was $15,377,949.75, covering 1,132,071 acres.

<u>Issues</u>
Language in HF 2437 would not only damage sustainable forest management practices in our state, but also everyday Minnesotans in our rural communities.

- Many—if not most—SFIA program enrollees use SFIA program payments to pay property taxes and remain on land that has been in their families for decades. Many are in their retirement years on fixed incomes. HF 2437 proposes to reduce those payments by more than 45% in 2026 and by more than 40% in 2027. While the proposal seeks to restore payments to current funding and beyond in the following years, there's no guarantee the legislature won't make further changes to the SFIA program in the meantime, or that many landowners will be able to afford to continue owning their land. This may trigger enrollees to leave the program and pay the associated penalties, if the reduction in SFIA payments exceeds the penalties.

- This proposal disproportionately impacts those who have made the biggest contribution to conservation—those with fifty-year covenants. It also negatively impacts large landowners that provide the public with significant recreational access opportunities.

- Landowners need assurances that the payment they receive for their long-term commitment will not radically change due to budget shortfalls. Linking SFIA payments to budget shortfalls sets a bad precedent.

- This proposed reduction is very detrimental to public perception of the state's long-term goals of conserving natural working lands in Minnesota. People voluntarily enjoin their lands in conservation easements or other long-term agreements like SFIA with the belief that the State or other easement holder will uphold their end of the bargain. But if the State gets a reputation of reneging on its commitments, far fewer people will consider these management options. This action would erode public trust in state conservation programs.

In summary, the Sustainable Forestry Incentives Act (SFIA) has been an excellent vehicle for good forestry and land management in Minnesota. It is critical for promoting responsible land stewardship and encouraging long-term forest management. It incentivizes landowners to encumber their landownership rights for 50 years or more.

We are unified in urging the House Taxes Committee to remove the SFIA Program payment reduction from HF 2437. We believe it is important to uphold the commitments made to landowners under the SFIA program.

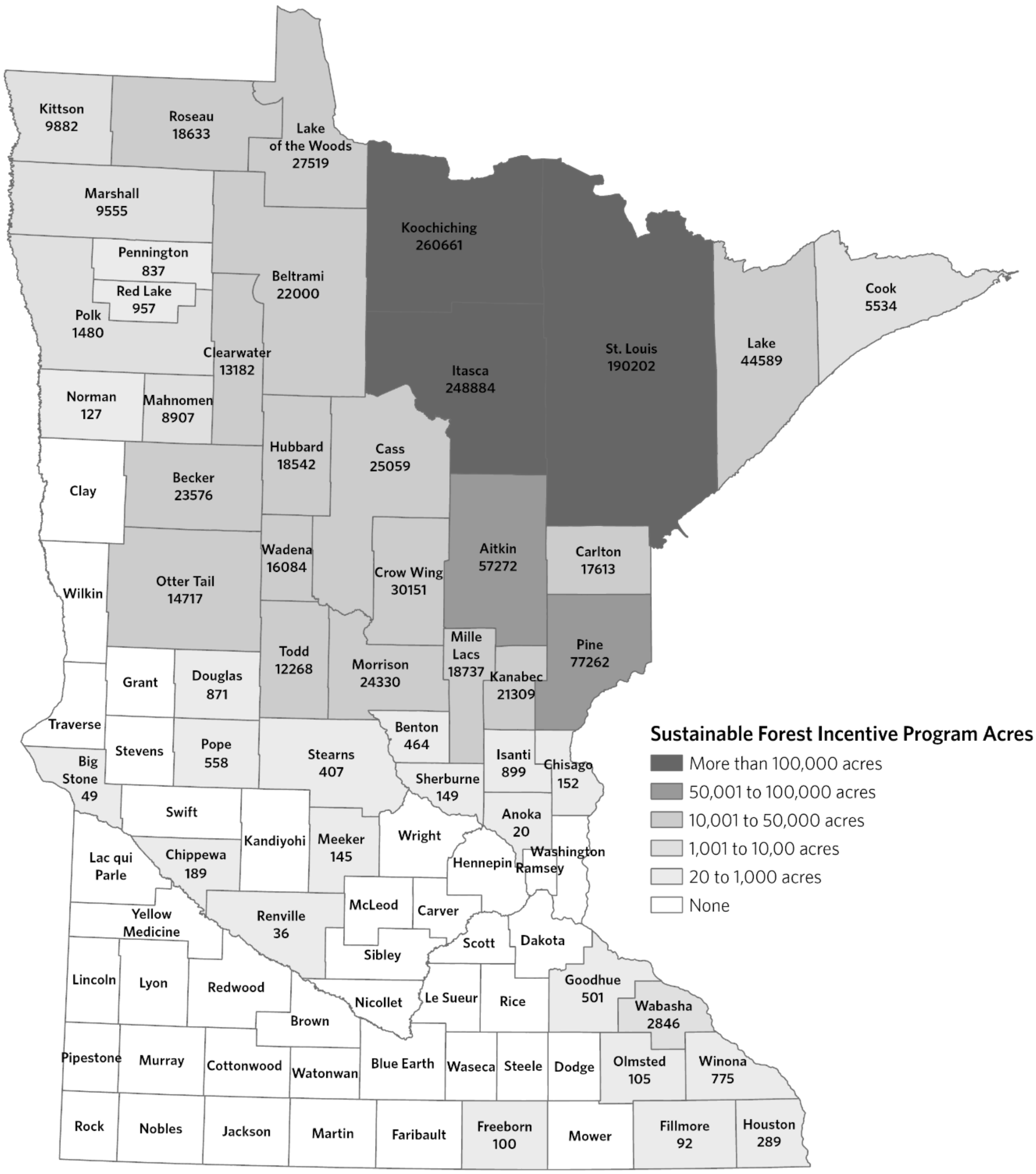
Thank you for your consideration.

Audubon Upper Mississippi River
Rajala Mill Company
The Conservation Fund
The Nature Conservancy
Minnesota Environmental Partnership
Minnesota Forest Industries
Minnesota Forestry Association
Minnesota Timber Producers Association
Minnesota Tree Farm Committee
Molpus Woodlands Group
UPM Blandin

cc:

Co-Vice Chair Rep. Jim Joy
Co-Vice Chair Rep. Matt Norris
Rep. Patti Anderson
Rep. Steve Elkins
Rep. Mike Freiberg
Rep. Jessica Hanson
Rep. Bobbie Harder
Rep. Kaohly Vang Her
Rep. John Huot
Rep. Wayne Johnson
Rep. Liish Kozlowski
Rep. Liz Lee
Rep. Drew Roach
Rep. Kristin Robbins
Rep. Erica Schwartz
Rep. Andy Smith
Rep. Zack Stephenson
Rep. Chris Swedzinski
Rep. Cal Warwas
Rep. Mike Wiener
Rep. Jeff White
Rep. Cheryl Youakim
DNR Commissioner Sarah Strommen
Anna Johnson, Governor Walz Policy Advisor

Acres Enrolled in Sustainable Forestry Initiative Act (SFIA) by County, 2024



Independent School District No. 787

Browerville Public Schools

P.O. Box 185
620 Park Avenue
Browerville, MN 56438
Phone: (320) 594-2272
Fax: (320) 594-8105
http://www.browerville.k12.mn.us

Scott Vedbraaten, Superintendent
Patrick Sutlief, Principal
Wayne Petermeier, Activities Director

May 5, 2025

Representative Greg Davids, Co-Chair
Representative Aisha Gomez, Co-Chair
Representative Mike Wiener
Members of the House Tax Committee
Minnesota House of Representatives
St. Paul, MN 55155

Co-Chairs Davids and Gomez, Representative Wiener, and Members of the House Tax Committee:

On behalf of the Browerville School District, I extend our deepest gratitude for including a $520,000 grant for construction materials for Browerville Schools in your tax legislation this session. This support is a critical step forward as our community continues to recover from the devastating collapse of our school gymnasium due to excessive snow load.

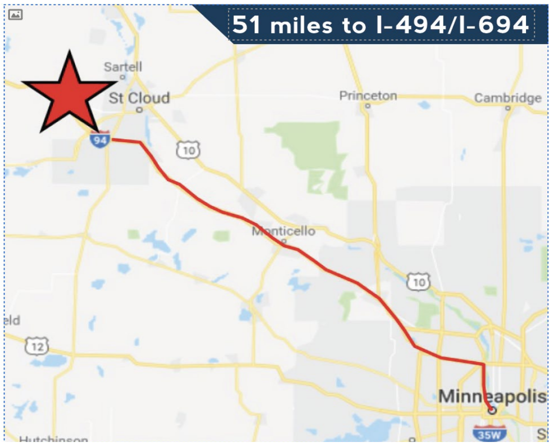
The loss of our gymnasium was not only a structural and financial blow, but it disrupted the daily routines of our students and staff. For a small, rural district like Browerville, rebuilding is not a simple task—it requires both time and resources that are often in short supply. Your inclusion of this funding goes a long way in helping us begin to restore a safe, functional, and supportive environment for our students.

We are especially grateful to Representative Mike Wiener for his strong advocacy on our behalf, and to the committee's leadership for recognizing the urgency and necessity of this investment. This funding will allow us to move forward with confidence as we work to rebuild and ensure continued access to vital educational and extracurricular opportunities for our students.
Thank you for standing with Browerville in our time of need. Your support means more than words can express.

Sincerely,

Scott Vedbraaten

Scott Vedbraaten
Superintendent
Browerville Public Schools



Cooper Development | St. Cloud, MN

Positioned for Community Growth

Prime Location • Flexible Design • Community Impact

The Cooper Development, located at the highly visible intersection of Division Street (Highway 23) and Cooper Avenue North, is a strong candidate for continued TIF support. With the extension of the district, this 6-acre property can fully realize its potential as a vibrant, multi-use destination that brings economic vitality, jobs, and services to a vital part of St. Cloud.

This transformative site is designed to accommodate a dynamic mix of office, medical, educational, and tech/data uses, each offering strong potential for community enrichment, job creation, and economic growth.

PREMIER LOCATION ONE OF THE BUSIEST INTERSECTIONS IN ST. CLOUD WITH DIRECT ACCESS TO HIGHWAY 23

Collection Street	Cross Street	Cross St Dist/Dir	Traffic Volume	Count Year	Dist from Subject
1st St N	Cooper Ave N	0.01 E	788	2017	0.10
19 1/2 Ave N	Division St	0.01 S	970	2017	0.10
State Hwy 23	20th Ave N	0.03 SW	38,000	2017	0.15
McKinley Pl N	Saint Germain St W	0.01 S	6,010	2017	0.22
State Hwy 23	McKinley Pl S	0.02 W	33,500	2013	0.23
W St Germain St	21st Ave S	0.03 SW	670	2017	0.27
Washington Memorial Dr	7th St S	0.02 S	6,600	2017	0.27
Wash Mem Dr	Washington Memorial Dr	0.03 S	5,600	2013	0.28
Washington Memorial Dr	7th St S	0.06 N	5,600	2013	0.29
Cooper Ave S	Roosevelt Rd	0.12 S	7,700	2017	0.29

DAILY EXPOSURE

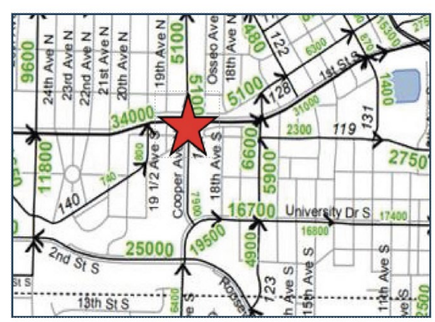
34,000 VEHICLES PER DAY ALONG DIVISION STREET

DEMOGRAPHICS

POPULATION	1 MILE	3 MILE	5 MILE
Total:	6,684	48,308	84,716
EMPLOYMENT	**1 MILE**	**3 MILE**	**5 MILE**
Employed:	3,809	27,012	48,129
Unemployed:	102	973	1,646
Unemployment Rate:	1.04%	2.86%	3.09%
INCOME	**1 MILE**	**3 MILE**	**5 MILE**
Median Household:	$46,044	$42,306	$46,1478
Avgerage Household:	$52,457	$50,067	$53,778
Aggregate Household:	$146,738,001	$910,503,541	$1,779,294,821

PROXIMITY

LESS THAN ONE MILE FROM DOWNTOWN ST. CLOUD



DEVELOPMENT-READY SITE PREPARED TO ACCOMMODATE A MIX OF USES TAILORED TO MARKET NEEDS

ADAPTIVE, HIGH-VALUE USE: MAXIMIZING COMMUNITY AND ECONOMIC RETURN.

DEVELOPMENT VISION: WITH CONFIGURATIONS THAT RESPOND TO THE NEEDS OF SPECIFIC USERS.

An extension of the TIF district is essential to attract the right mix of tenants and investors, ensuring this property is developed to its highest and best use. The support enables vital infrastructure upgrades, fosters long-term tax base growth, and aligns with the city's comprehensive plan for economic development.

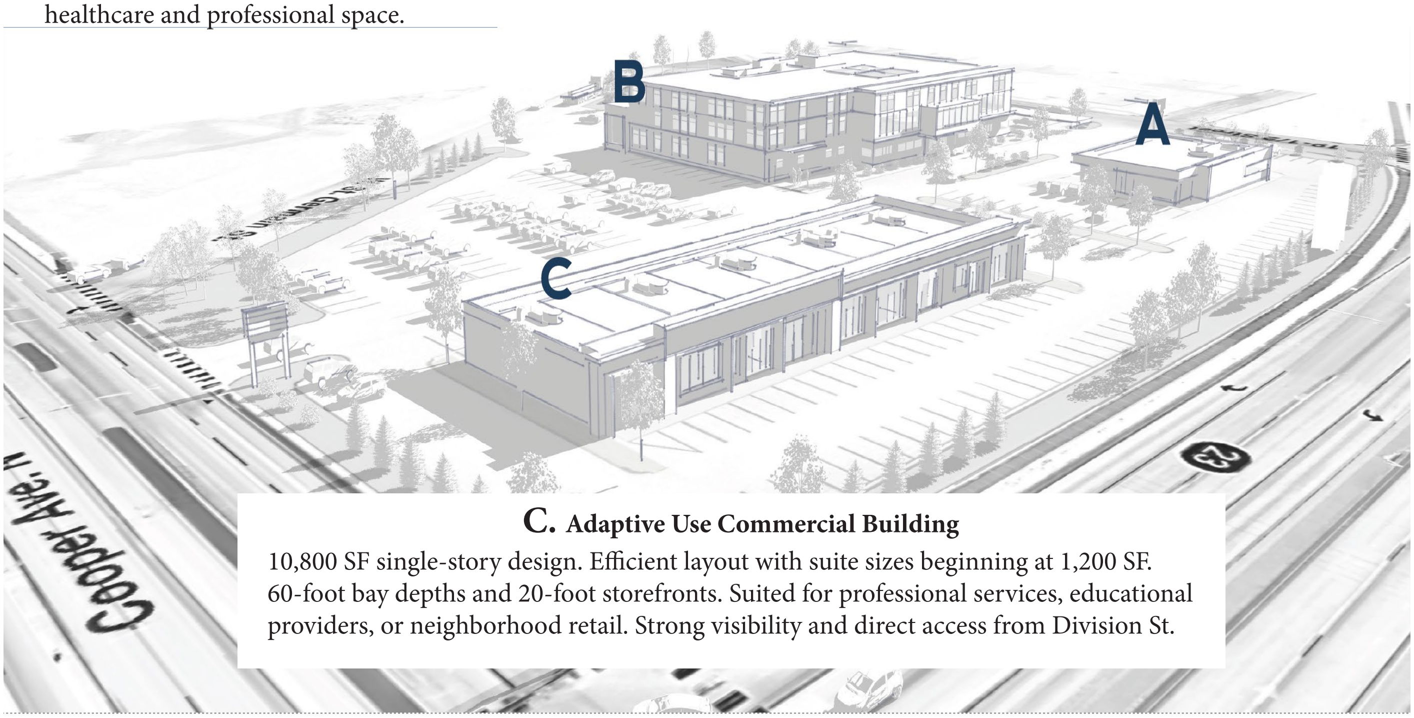
B. Multi-Level Professional & Medical Office Facility

65,000 SF across three stories. Designed for clinical, health services, or high-quality office use. Modern infrastructure with ample parking and convenient access. Meets growing demand for healthcare and professional space.

Site Use Concept

A. Single-Story Retail or Fnancial Building

15,000 SF. Ideal for destination retail or anchor office tenant. High ceilings, modern energy systems, and prominent signage opportunities



C. Adaptive Use Commercial Building

10,800 SF single-story design. Efficient layout with suite sizes beginning at 1,200 SF. 60-foot bay depths and 20-foot storefronts. Suited for professional services, educational providers, or neighborhood retail. Strong visibility and direct access from Division St.

Sterling
SPECIALTY PHARMACY

Monday, May 4th, 2025

Representative Greg Davids
Representative Aisha Gomez
The Minnesota House of Representatives, Taxes Committee
Minnesota State Capitol
75 Rev Dr Martin Luther King Jr Boulevard.
St Paul, MN 55155

Co-Chairs Davids & Gomez,
On behalf of the Astrup Companies and Sterling Specialty Pharmacy we are writing to urge support for HF2437, the House Tax Omnibus legislation. Thank you for including in Article 7, Section 15, a reasonable solution to a tax and regulatory burden faced by our family-owned pharmacy business, Representative Virnig's HF1479 language.

In 1952, Leonard Astrup founded our family pharmacy business in Austin, Minnesota, opening a single storefront dedicated to serving patients with expertise, compassion, and community commitment. His devotion to care extended beyond the counter—he delivered prescriptions by snowmobile when roads were impassable and visited patients in hospitals when they couldn't reach the pharmacy. Under the Sterling brand, Astrup Companies grew into a cornerstone of rural healthcare, now operating 13 retail pharmacies, four long-term care pharmacies, and a specialty pharmacy in Mendota Heights. Today, we employ over 400 Minnesotans, and the business remains proudly led by second- and third-generation family members.

As the healthcare landscape evolved, so did the pharmacy business, becoming increasingly complex and financially strained by entities such as Pharmacy Benefit Managers. In response, eight years ago we launched Sterling Specialty Pharmacy, which focuses on high-touch services for patients managing rare, expensive, and complex conditions. Unlike retail pharmacies, specialty pharmacies like ours do not operate public counters; instead, we dispense medications from our advanced Mendota Heights facility and ship directly to patients across all 50 states.

What sets Sterling Specialty Pharmacy apart is that nearly 99% of our medications are shipped to patients outside Minnesota. Yet, the state imposes a 1.8% MN Care Legend Drug Tax on every medication we purchase, regardless of where it's ultimately dispensed. Our wholesalers charge this tax on 100% of our drug purchases and remit it to the Department of Revenue—even though only about 1% of the medications actually go to Minnesota patients.

Sterling
SPECIALTY PHARMACY

This system creates a significant and recurring cash flow challenge. Although the majority of the tax is refunded annually, it ties up vital resources throughout the year. In 2024, $1.51 million was withheld in taxes, despite a net obligation of only $42,000. We received a refund for the $1.47 million difference just last month. Since the refund can only be requested annually it has put a significant burden on the Company's cash flow. In 2024, the Company obtained an external credit facility - a loan - to mitigate this impact, at market rates of interest that impacts our operating costs significantly.

Legislation included in HF1479, championed by Representatives Virnig and Davids and supported by Commissioner Marquart and his team, offers a practical solution. By moving from annual to quarterly refunds for the MN Care Legend Drug Tax, the bill preserves the intent of the law while alleviating the cash flow strain on companies like ours. This change would allow us to reinvest resources more quickly into our operations and continue serving patients nationwide with the quality care they rely on.

Sincerely,

Randy Shindelar
Chief Financial Officer
Astrup Companies and Sterling Specialty Pharmacy

Sterling Specialty Pharmacy | 1312 Northland Drive, Suite 500, Mendota Heights, MN 55120
sterlingspecialtyrx.com | Ph: 888.618.4126 | Fax: 866.588.0371

MINNESOTA ASSOCIATION OF SOIL AND WATER CONSERVATION DISTRICTS

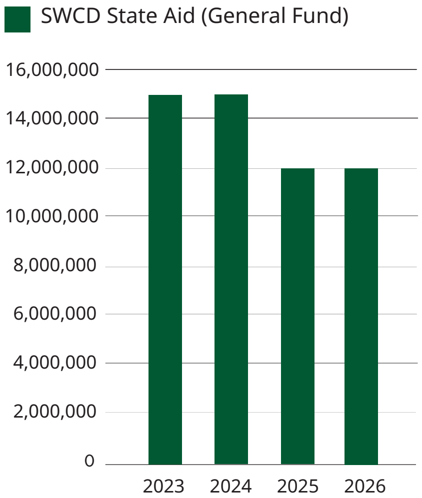
Increase SWCD Aid to support state conservation goals (SF1089/HF1066)

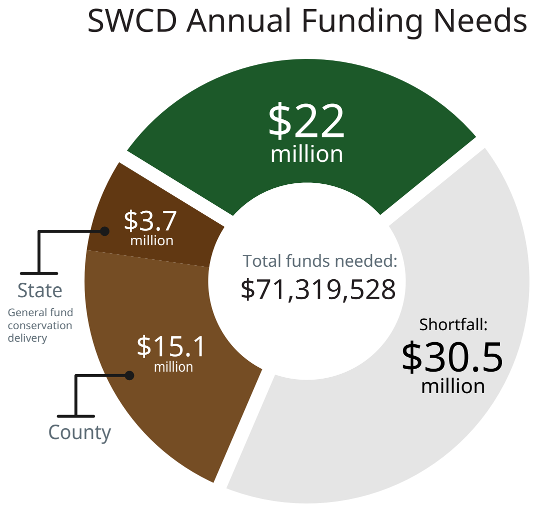
Lawmakers approved permanent funding for soil and water conservation district capacity, known as SWCD Aid, through the general fund. In the current biennium, the state appropriated $15 million per year in SWCD Aid.

This was an important step in improving the ability of all SWCDs to deliver the services essential for performing our statutory duties through stable, predictable funding, and a long-term investment in SWCDs as partners in achieving the state's soil health and water quality goals.

However, starting in 2025 and in all future years, unless the legislature acts, SWCD Aid will be $12 million per year. This funding level does not match the demands put on districts for implementing conversation practices, serving constituents, delivering on statutory obligations and leveraging federal conservation funding.

FUNDING LEVELS HAVE NOT KEPT PACE WITH SWCD ROLES





SWCDS HELP CONSERVE NATURAL RESOURCES ACROSS MINNESOTA

SWCDs provide value to our state's conservation through technical assistance, funding and educational services for private landowners. They are a primary source of conservation information, support and program management for landowners and other local units of government. SWCDs are the technical experts and "boots on the ground" who understand their specific communities' needs and help landowners navigate conservation programs from start to finish. As water quality and soil health issues are prioritized in Minnesota, SWCDs' roles have expanded and include helping landowners navigate regulations that are increasing in complexity.

ACT NOW

SWCD Aid at $22 million per year for 2025 and beyond will help Minnesota maintain its pace of progress toward clean water & healthy soil goals.

MASWCD

Minnesota Association of Soil and Water Conservation Districts | maswcd.org | @MnSWCDs
Contact: Sheila Vanney, Assistant Director | sheila.vanney@maswcd.org | 651-485-1229

MINNESOTA ASSOCIATION OF SOIL AND WATER CONSERVATION DISTRICTS

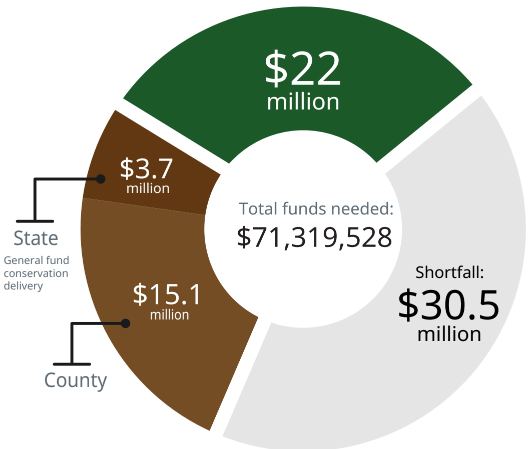
Essential services of a modern soil and water conservation district

SWCDs are Special Purpose Local Units of Government organized under Minnesota Statutes Chapter 103C. Professional conservation staff, with direction from locally elected boards, work to implement their statutory obligations for private lands conservation.

SWCDS FACING SHORTFALL TO DELIVER SERVICES

A needs assessment done in summer 2022 calculated a total annual funding need of $71.3 million. This funding amount represents the cost of operating at base capacity to deliver the essential services outlined for all 88 Minnesota SWCDs and the SWCD duties at Hennepin and Ramsey Counties. With state capacity support of $22 million in SWCD Aid, there remains a $30.5 million unmet need to fully fund the essential services of SWCDs. A statewide investment of $22 million in SWCD Aid is a step toward building greater ability of our state's SWCDs to continue advancing our shared clean water and soil health goals through locally led conservation projects on private lands.

SWCD Annual Funding Needs



SWCD AREAS OF EXPERTISE AND ESSENTIAL FUNCTIONS:

- Technical expertise: Expert support to private landowners for local land, soil, water, forestry, plant and wildlife resource challenges.
- Public information and education: Outreach and engagement to boost public knowledge of conservation programs and resources.
- Policy and governance: Lead grassroots policy development and provide required oversight and administration for key human resources, accounting, legal and reporting functions.
- Resource projects and program implementation: Plan and implement resource programs and projects to meet local, state and federal conservation goals and outcomes.
- Data and monitoring: Measure progress, monitor and report outcomes for programs and projects.
- Technology and equipment: Serve as a resource for landowners and partners with modern survey equipment and software, vehicles, field equipment, and licensed drone operations.

MASWCD

Minnesota Association of Soil and Water Conservation Districts | maswcd.org | @MnSWCDs
Contact: Sheila Vanney, Assistant Director | sheila.vanney@maswcd.org | 651-485-1229

The Economic Impact of Conservation Funding

2021 IMPLAN Report Results

The 2021 IMPLAN Report

When a landowner enters into a Farm Bill agreement with the Natural Resources Conservation Service (NRCS) or a state-funded agreement with one of its partners, the entire community benefits. This is demonstrated in the IMPLAN report for NRCS Minnesota and its partners' conservation work in 2021. To get an accurate picture of the economic impact of conservation funding, NRCS Minnesota, the Minnesota Board of Water and Soil Resources (BWSR), and local Soil and Water Conservation Districts (SWCD) worked together to find an answer.

What is IMPLAN?

IMPLAN is an economic impact analysis and modeling program that measures the economic impact of actions taken by government agencies, business and other institutions to understand their direct and indirect effects in an area.

The Natural Resources Conservation Service utilizes IMPLAN to understand how it and its parters' financial assistance benefits not just producers, but their surrounding communities. The 2021 IMPLAN report has just recently been completed.

Results

In 2021, NRCS Minnesota, BWSR, and local SWCDs spent $228,448,531 on conservation programs. Some of this money left the state for a variety of reasons, but when all said and done, $186,916,423, over 80 percent, directly benefited the Minnesota economy.

This influx of funding in Minnesota, through direct effects (such as buying cover crop seed) and indirect effects (such as a seed supplier buying gas) resulted in an output of $413,692,920 generated in Minnesota from conservation-related expenditures. This meant that for every $1 spent by the NRCS and its partners, $1.81 was generated in the local economy. This funding also supported new jobs for Minnesotans. According to the analysis, 2,527 jobs were supported in 2021 as a result of conservation expenditures.

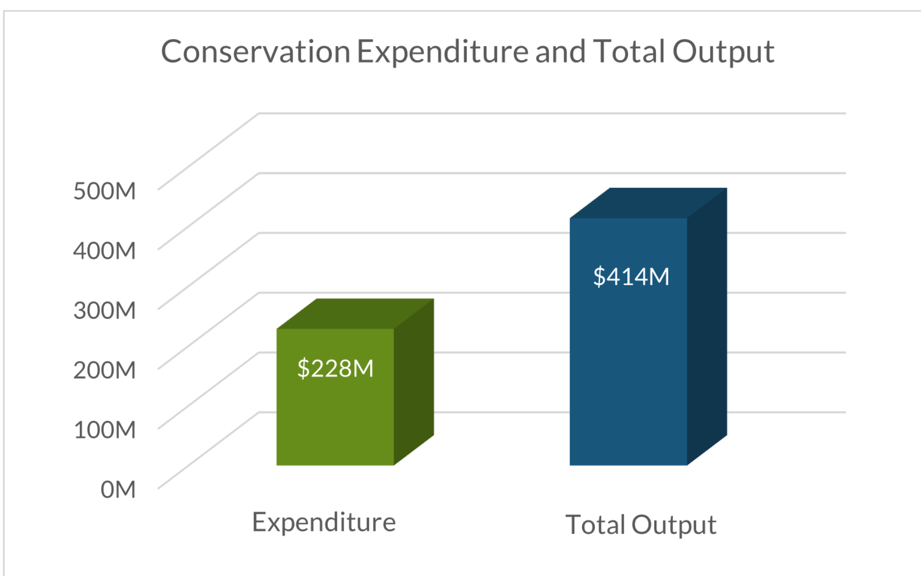
Whatever numbers you pull from the IMPLAN report, one thing is clear throughout: conservation work amounts to substantial benefits for the state of Minnesota. Yes, the work landowners do with the NRCS and its partners helps the land and improves the efficiency of individual agricultural operations; but it does so much more than that. It puts money in the pockets of Minnesotans across the state.

$228,448,531
Spent on conservation programs

$413,692,920
Output into the Minnesota economy

$1.81
Generated for every $1 spent

2,527
Jobs supported



The Nature Conservancy Minnesota

The Nature Conservancy in Minnesota
1101 West River Parkway, Suite 200
Minneapolis, MN 55415-1291

Phone: 612-331-0700
Email: minnesota@tnc.org
nature.org/tristate

Representative Greg Davids
House Taxes Committee
Centennial Office Building, Second Floor
658 Cedar Street
Saint Paul, MN 55155

Representative Aisha Gomez
House Taxes Committee
Centennial Office Building, Fifth Floor
658 Cedar Street
Saint Paul, MN 55155

Re: HF2437, Taxes Bill

May 5, 2025

Co-Chairs Davids and Gomez, and members of the Committee,

As the committee considers the omnibus tax proposal in HF2437, we write to share considerations about how proposed changes will impact Minnesotans and our climate, natural resources, and biodiversity.

Sustainable Forest Incentive Act (SFIA) Reductions:
The new proposal included in the bill to reduce SFIA payment rates over fiscal years 2026-2029 could have an even more **significant and negative long-term impact and risk to large tracts of forests** in Minnesota compared to prior proposals considered this session. In this moment in time, we need to maintain or expand forest protections to meet the challenges our state faces to climate, water quality, biodiversity loss, and timber supply. The proposal in HF2437 will hit SFIA-enrolled landowners -- who are disproportionately private landowners and NGOs working to advance forest conservation-- in such a way that some **landowners may no longer be able to retain their lands.** This will expose forests to fragmentation and parcelization that could undermine the many benefits Minnesotans across the state get from forests – clear air, clean water, outdoor recreation, land and aquatic habitat for wildlife and game species, and forest products.

Some landowners approach SFIA because of their conservation motivations, and some approach the program for financial reasons but, regardless, a positive outcome of their participation is forest conservation. There are varying covenant lengths (8, 20 and 50 years) for program enrollees who are required to have a sustainable forest stewardship plan approved by DNR. This proposal penalizes those who prioritize conservation first and that often are disproportionately enrolled in 50-year covenants, further jeopardizing forested lands that have been strategically enrolled to ensure long-term conservation of forests. The statute enabling this program was intended to withstand fluctuations in the state budget, making a change like what is proposed all the more significant to enrollees. The proposed cuts to payment rates would disincentivize enrollment and reduce confidence in the program, further risking future conservation.

The Nature Conservancy Minnesota

The Nature Conservancy in Minnesota
1101 West River Parkway, Suite 200
Minneapolis, MN 55415-1291

Phone: 612-331-0700
Email: minnesota@tnc.org
nature.org/tristate

Property tax exemption of conservation grazing for management of conservation lands:
While this proposal contained in HF1698 to expand conservation grazing on conservation non-profit owned lands as a lands management tool was not included, we appreciate the committee's time spent reviewing the bill and hope conversations on this topic can continue as you look toward conference committee.

Conservation Easements Property Valuation Reductions:
This proposal as introduced and contained in HF632, which was not included, would allow conservation easements and conservation restrictions to be considered in the valuation of property taxes in nonmetropolitan counties who authorize assessors to do so by resolution. Some landowners who would otherwise be interested in advancing conservation on their property opt not to do so because an easement won't be represented in their property taxes. However, conservation easements are one of the most cost-effective tools available to the state to ensure benefits for clean water, carbon sequestration, wildlife habitat and more. We encourage the committee to revisit this proposal as you continue conversations in the House, and in a future conference committee.

We recognize the challenging situation the committee faces this biennium to balance the budget, and appreciate your consideration as to how to best steward funding toward pressing issues facing Minnesota.

Sincerely,

Stephanie Pinkalla
Government Relations Director
The Nature Conservancy in Minnesota

Angelica Day
Government Relations Specialist
The Nature Conservancy in Minnesota