

March 5, 2026

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

On behalf of the Association of Minnesota Counties, League of Minnesota Cities, and Minnesota Inter-County Association, we write to show our support for HF3396 (Davids) which would establish a property tax task force and require a report be submitted to the legislature.

**Local Government Levies Increasing Due to Budget Pressures**

In 2026 property taxes increased by 6.4% statewide across all jurisdictions, the largest increase since 2008. Numerous factors led to county budgets in particular increasing at above average rates. When HR1 was signed into federal law in July 2025 it created cost shifts to counties at the administrative level as well as reducing federal funds provided to cover the SNAP and Medicaid benefits. In 2024 the value of this federal support was nearly \$150 million, projected to grow from there. HR1 also imposed eligibility changes that will increase the amount and complexity of county administrative work - all done in antiquated technology systems.

These federal cost shifts are coming at a time when state imposed cost shifts and flat or reduced levels of aid are also causing pressure on county budgets. Health and human services cost shifts as a result from the 2025 legislative session totaled \$61 million in FY 28-29 with another \$90 million possible depending on future legislative action. On top of federal and state cost shifts counties and cities are also dealing with pressures at the local level. State aids have not kept pace with inflation, transferring more of local government budgets to the property tax levy.

**Value Changes Impacting Property Taxes**

An often underdiscussed component of the property tax system is that value changes from year to year have an ongoing impact on property tax bills. The 19% average statewide jump in residential homestead value in 2023 is still impacting property taxes homeowners pay today, even more so in years when levies increase at above average rates. Residential homestead values have increased on average by more than commercial values in eight of the nine last years.

**Property Tax Task Force**

We appreciate the approach that the proposed task force takes. Minnesota property tax system is one of the most complicated in the nation, with over 55 classification rates that counties have to administer. Every biennium well intentioned individual property tax exemptions or changes become law that make the system a little more complicated. Those exemptions layer on top of one another and the property tax burden shifts to homeowners. A property tax task force that looks into the root causes of increases and makes recommendations to the legislature is a smart step that our organizations would be glad to participate in.



Sincerely,

A handwritten signature in black ink that reads 'Nathan Jesson'.

Nathan Jesson, Minnesota Inter-County Association

A handwritten signature in black ink that reads 'Beth Johnston'.

Beth Johnston, League of Minnesota Cities

A handwritten signature in black ink that reads 'Matt Hilgart'.

Matt Hilgart, Association of Minnesota Counties