



DEDICATED TO A STRONG GREATER MINNESOTA

March 19, 2024

Dear Chair Lee and members of the House Capital Investment Committee,

I am writing on behalf of the Coalition of Greater Minnesota Cities (CGMC) to express our concerns with H.F. 3582, First Engrossment. The CGMC is an organization of more than 100 cities throughout Minnesota located outside the metropolitan area.

Our cities take their obligations to be good stewards of taxpayer dollars very seriously. When a local government asks for assistance, especially regarding core infrastructure like water or wastewater treatment, it is usually because the high costs involved have already put a significant strain on local resources.

The requirements of this bill would put additional pressure on local property taxpayers who are not only paying higher taxes and fees to support the city's local match but will now be burdened with additional taxes and fees to support the replacement funds. Current residents will face much higher costs for future residents' benefit and for projects that may or may not even occur in the future.

It is important to note that the benefits of the most expensive projects that cities generally work on extend far beyond their borders and are typically driven by state and federal government mandates. For example, wastewater facilities protect the water for citizens throughout the state, often addressing pollution problems caused by others or that result from naturally occurring pollutants. Yet this proposal places the burden of financing any future structures solely on the businesses and residents of the local government.

We are also concerned about the extraordinary breadth of this proposal. Although discussions have framed it as focusing on water projects, this legislation would cover far beyond that, including parks, trails, facilities, roads, and many other projects that receive state funding. Moreover, there are no limits on the terms of the replacement fund, and the language automatically assumes that the capital project will be replaced at the end of its depreciable life, which may not be true.

An additional concern is that these requirements could deepen the divide between wealthy communities and poorer ones. This bill would create a Hobson's choice between building much-needed infrastructure and raising property taxes and fees in an unaffordable way.

We appreciate this committee's interest in ensuring that infrastructure is maintained. However, we believe there are better ways to do it, such as a maintenance agreement with the state agencies for infrastructure that have received state funding. What makes Minnesota a much better state is that its government has recognized that all Minnesotans deserve clean water and the other infrastructure necessary for maintaining a base level of life quality and has funded infrastructure in a way that helps all communities do better. This legislation undermines that goal.

Thank you for your time and consideration.

Best regards,

Bradley Peterson, Executive Director
Coalition of Greater Minnesota Cities