

**LEAGUE OF MINNESOTA CITIES
COALITION OF GREATER MINNESOTA CITIES
ASSOCIATION OF METROPOLITAN MUNICIPALITIES (METRO CITIES)
MUNICIPAL LEGISLATIVE COMMISSION**

May 7, 2020

Representative Paul Marquart
597 State Office Building
St. Paul, MN 55155

Representative Andrew Carlson
557 State Office Building
St. Paul, MN 55155

Chair Marquart, Chair Carlson and members of the House Taxes Committee:

On behalf of our respective organizations that represent cities across Minnesota, thank you for your leadership and the hard work you and your staff have put in on behalf of Minnesotans in the face of unprecedented challenges. We appreciate the work that was performed in the Property and Local Tax Division on the subject of local sales taxes and respectfully request you consider this additional feedback from local governments as the Tax Committee considers HF 3389.

Specifically, local governments continue to have concerns about aspects of the authorizing language for the Local Sales Tax Criteria Working Group. If such a group is created, we would like its work to be as meaningful and productive as possible, and contribute to a fair and consistent process in the future. We support the following additional modifications to the working group's mission and structure. The page and line references below are to the DE amendment to HF 3389 dated 5/6/2020:

- Requiring the working group to identify categories of projects that should not be considered regionally significant should be removed. (Lines 64.12 – 64.17.) We don't feel that asking the working group to brainstorm categories of hypothetical projects in order to exclude them from future consideration is a productive use of a working group's time.
- We believe the working group authorizing language should provide guidelines, not mandate conclusions. For example, documenting regional significance by demonstrating use of a facility by individuals living outside of a jurisdiction is only one way to measure regionality, and many projects can have broad regional impacts that can't be captured by direct user data. We request that the language on lines 64.20 – 64.28 be re-framed as a list of items the working group may consider, rather than a list of conclusions it must draw.
- Prohibiting the committee from considering measures of economic or tourism development as the main criteria for the regional significance of a project is inconsistent with past practice and prohibits broad categories of evidence of regional significance from even being considered. This provision also seems to directly contradict the legislature's request for data demonstrating how many direct users of projects come from outside a city's borders. Moreover, nothing in the changes made in the 2019 tax bill would suggest that a project whose goal was economic development or the enhancement of tourism in a region is not an allowed objective of a local option sales tax. Please consider the deletion of lines 64.27-64.28.
- We respectfully request the addition of the Municipal Legislative Commission (MLC), as it could add valuable perspective to the working group

Thank you again for the local government perspective you have already incorporated into this bill and for your continued consideration.

Sincerely,



Gary Carlson
League of Minnesota Cities



Patricia Nauman
Association of Metropolitan Municipalities (Metro Cities)



Bradley Peterson
Coalition of Greater MN Cities



Thomas Poul
Municipal Legislative Commission

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