

# Oppose the Authorization of MUNICIPAL STREET IMPROVEMENT DISTRICTS

Senate File 1271/House File 1095

*Building Owners and Managers Association of St. Paul*

*Care Providers of Minnesota*

*Greater Minneapolis Building Owners & Managers Association*

*Hospitality Minnesota*

*Housing First*

*LeadingAge Minnesota*

*Jewish Community Relations Council – Minnesota and the Dakotas*

*Minnesota Association of Realtors*

*Minnesota Auto Dealers Association*

*Minnesota Bankers Association*

*Minnesota Beverage Association*

*Minnesota Business Partnership*

*Minnesota Catholic Conference*

*Minnesota Chamber of Commerce*

*Minnesota Grocers Association*

*Minnesota Hospital Association*

*Minnesota Multi-Housing Association*

*Minnesota Petroleum Marketers Association*

*Minnesota Retailers Association*

*Minnesota Service Station Association*

*Minnesota Shopping Center Association*

*Minnesota State Alliance of YMCAs*

*Minnesota Trucking Association*

*NAIOP: Commercial Real Estate Development Association*

*National Federation of Independent Business*

*National Marine Manufacturers Association*

## What the Proposal Does:

The proposed Municipal Street Improvement District provision provides broad authority to cities to impose a yet-to-be determined tax on property owners.

It allows *city councils* to impose an additional property tax.

## Why We Oppose It:

This legislation creates an end-run around requirements imposed on cities under the special assessment laws designed to protect property tax payers.

Under the proposal, there is no need for the city to prove benefit to an affected property to justify imposing a new fee.

Cities are free to draw the taxing district in any shape, allowing them to impose the tax only on certain properties.

*Another* taxing mechanism for cities is NOT NECESSARY. Cities already have numerous tools for financing transportation improvements, including:

- General Property Tax Revenue
- Special Assessments
- State Transportation Aid
- Special Service Districts
- Tax Increment Financing
- Property Tax Abatement
- Local Option Sales Tax

Fees levied in Municipal Street Improvement Districts do not sunset after a particular project has been paid for. Rather, once imposed, the fees can be collected from property owners for up to 20 years.

*Property owners are already paying for street improvements through property taxes and other taxing mechanisms.*

**Furthermore, in 2016, the MN Supreme Court found a similar plan in St. Paul to be a function of the city's taxing authority and therefore UNCONSTITUTIONAL when applied to tax-exempt properties.**

The Municipal Street Improvement District has been introduced and **rejected 8 times in the last 10 bienna** because legislators have BIPARTISANLY and CONSISTENTLY recognized that it is bad public policy that is wrong for Minnesota property owners!

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For more information, please contact Amber Backhaus of MADA at 612-963-2232 or [amber@mada.org](mailto:amber@mada.org)