



DEDICATED TO A STRONG GREATER MINNESOTA

May 3, 2021

Dear Chair Nelson, Chair Marquart and members of conference committee on taxes,

I am writing on behalf of the Coalition of Greater Minnesota Cities (CGMC) to express our thoughts on various provisions in the House and Senate omnibus tax bills currently under consideration in conference committee.

There are a number of provisions in both bills that help strengthen Greater Minnesota cities. Some provisions are common to both bills, while others only appear in one or the other. Allow me to briefly outline a few of the items that we find favorable.

Provisions that are not in both bills

Article 4 of SF 961 establishes a one-year supplemental Local Government Aid (LGA) distribution for cities. Given the uncertainty cities have been experiencing in their budgets during the pandemic, and in recognition of the fact that cities have taken significant steps to mitigate the impacts of the pandemic on their residents and businesses, it is appropriate to ensure that no city receives less LGA in 2022 than they received in 2021. The appropriation that accompanies the supplemental aid ensures that no other city will be negatively impacted by holding harmless those cities that would otherwise lose LGA in 2022 under the current formula.

SF 961 also contains a property tax credit for in-home child care providers. In-home providers are the backbone of the child care system in Greater Minnesota. This is also the category of providers that has seen the most erosion in the marketplace. With the crisis in child care throughout the state, and especially in rural Minnesota, every step we take to support in-home providers is helpful.

CGMC also supports provisions in HF 991, the House omnibus tax bill, that provide flexibility in the use of TIF dollars. CGMC specifically supports the provisions in Section 3 and 4 of Article 10 that increase the five-year rule to 10 years. For many cities, especially in Greater Minnesota, problem properties can be difficult to redevelop. This additional time will allow more projects to move forward.

Provisions in both bills

We are excited to see several provisions that will strengthen Greater Minnesota embraced by both the House and Senate in your tax bills. Those provisions include:

- The increase in the exclusion of value from the state commercial industrial general tax up to \$150,000 will support businesses across the state, particularly in Greater Minnesota where small, Main Street businesses are the pillar of our communities.
- The sales tax exemption on materials for public safety facilities will help cities and local property taxpayers ensure that their communities have the most robust public safety service possible to meet their needs.

- The authorization of the creation of fire service special taxing districts will provide communities with more options for working collaboratively with neighboring local governments to provide critical basic services.
- While CGMC does not take specific stances on TIF or local option sales tax proposals from individual cities, we do appreciate their inclusion in support of numerous local initiatives.

Conclusion

We appreciate the work that the House and Senate Taxes Committees have done this year, especially considering the stresses and less-than-ideal circumstances caused by the pandemic. We look forward to working with all of you to ensure that the final tax bill supports the needs of the residents and businesses in Greater Minnesota.

Sincerely,



Bradley Peterson

Executive Director, Coalition of Greater Minnesota Cities

cc: Commissioner Robert Doty, MN Department of Revenue
Joanna Bayers, Legislative Director, MN Department of Revenue
Sasha Bergman, Assistant Chief of Staff for Policy and Federal Affairs, Office of Gov. Walz and Lt. Gov. Flanagan
Felipe Illescas, Policy Advisor, Office of Gov. Walz and Lt. Gov. Flanagan
Brian Steinhoff, Senate Taxes Committee Administrator
Nathan Jesson, House Taxes Committee Administrator