



DEDICATED TO A STRONG GREATER MINNESOTA

March 17, 2022

Chair Youakim and Members of the House Property Tax Division,

I am writing to express the strong support of the Coalition of Greater Minnesota Cities for the \$90 million Local Government Aid (LGA) appropriation increase contained in HF 3794 and to thank Representative Lislegard for authoring this bill.

Whether it is with the existing formula or an updated version, as contemplated by HF 4064, it is critical that cities across the state receive an LGA increase this year. While assistance from the federal government has been helpful in fighting COVID-19 and mitigating its impact on our communities, it is not a substitute for an LGA increase. These one-time federal dollars must be spent within a limited time frame and are constrained by law in the types of expenditures eligible. These are not dollars that can be programed into a city's budget on an ongoing basis.

While increases to the LGA appropriation passed before the pandemic have been helpful in restraining property taxes and providing public services, the LGA appropriation has not kept pace with inflation. Since 2009, LGA has only grown by 16 percent while inflation based on the State and Local Government IPD has increased by 27 percent, and this fact does not begin to acknowledge the massive increase in the cost of goods and services cities have experienced over the last year. Additionally, LGA's share of the state's general fund has shrunk from 3.3% to 2.1% since 2009. Finally, I would also remind the committee that the LGA program is only now at the same funding level as it was in 2002. Simply put, the current LGA appropriation is not keeping up by any measure.

Whether it be employee wages, health insurance, machinery and equipment, or public safety, the costs for cities continue to rise. Absent any increase in LGA from the legislature, these costs will pile up on local property tax payers and burden communities still trying to shake off the pandemic and recover from the economic disruptions of the last two years. LGA will play a key role in building the foundation of economic recovery for the state, especially in Greater Minnesota.

Again, we want to thank Representative Lislegard for bringing this important legislation forward. A \$90 million increase to the LGA program is critical to sustaining vital communities in Greater Minnesota, and whether there are updates to the LGA formula or not, the legislature must make this increase in LGA a priority this session.

If you have questions about any of these issues or other concerns facing Greater Minnesota cities, please contact me at [bmpeterson@flaherty-hood.com](mailto:bmpeterson@flaherty-hood.com) or 651-259-1911. Thank you, and we look forward to working with you this session!

Sincerely,

Bradley Peterson  
Executive Director, Coalition of Greater Minnesota Cities