



March 16, 2023

Re: HF 1402 – authorization for municipalities to charge street impact fees

Chair Hornstein, Vice Chair Tabke and members of the House Transportation Finance and Policy Committee:

The League of Minnesota Cities appreciates the opportunity to provide our comments in support of HF 1402 (Hanson), a bill that would authorize municipalities the option to assess street impact fees for transportation infrastructure necessary to support new development. This statutory authority creates an additional mechanism that growing cities could choose to deploy to ensure that the infrastructure needed for growth is paid for as part of that development, rather than relying solely on existing residents to bear the cost.

Severe constraints on local fiscal resources and dramatic forecasts for population growth have made planning and financing the infrastructure needed to support growth, which often happens years in advance, particularly challenging to finance. In growing cities, this trend has prompted cities to seek ways to pay for the inevitable costs associated with new development other than traditional financing methods that can place a heavy burden on the existing property tax base.

HF 1402 provides a clear statutory path to allow local units of government a badly needed tool to finance growth-related local infrastructure and ensure that new development pays its fair share of the off-site, as well as the on-site costs of public infrastructure. The bill includes guardrails that require fees to be placed in a segregated fund solely for the purpose of addressing infrastructure needed to support new development and requires that fees are proportionate to the need created by a proposed subdivision or development.

Please join us in supporting HF 1402 and thank you for your consideration.

Sincerely,

A handwritten signature in black ink that reads 'Daniel Lightfoot'.

Daniel Lightfoot
Intergovernmental Relations Representative
League of Minnesota Cities