



May 3, 2021

Representative Paul Marquart  
Representative Cheryl Youakim  
Representative Kaohly Vang Her  
Representative Dave Lislegard  
Representative Greg Davids

Senator Carla Nelson  
Senator Bill Weber  
Senator Jeremy Miller  
Senator Tom Bakk  
Senator Ann Rest

Dear Chairs Marquart and Nelson, and Members of Tax Conference Committee:

On behalf of the Association of Minnesota Counties (AMC), an organization representing all of Minnesota's 87 counties, please find below summarized county feedback on House and Senate provisions being considered in the Tax Conference Committee. As always, please do not hesitate to reach out for additional information, member feedback, or questions.

**Youth Homelessness Prevention Aid** (*HOUSE Article 8, Section 4*): As county commissioners from all corners of the state testified to during this session, homelessness does not occur in a bubble around the metro. Studies already show that a lack of access to stable housing has negative impacts for individuals, families, health systems, and local economies. **Relevant to the Tax Committee, counties have found that the lack of housing security across the state is having disproportionate impact on the cost of support services they provide, which is leading to a trend of increasing levies attributable to human services budget items.** This finding underscores the need to see homelessness as a statewide problem that requires a statewide solution. We appreciate Chair Gomez's thoughtful and bipartisan approach to address the most egregious cases of homelessness: youth homelessness. As one county staff member from greater Minnesota stated in a recent AMC survey: "Nothing is more sad and troubling than hearing about a child who goes to school with your kids that has no place to call home at the end of the day." AMC strongly supports this provision and encourages its inclusion in any final legislation.

**County Business Grant Relief Program** (*HOUSE Article 8, Section 5*): Counties' number one priority in 2020 and 2021 has been responding to the effects of the pandemic and supporting a robust, equitable, and sustainable recovery. As such, counties are generally supportive of tax mechanisms that help businesses get back on their feet, including sales tax-related provisions included in House article 4 and Senate article 3.

Last year, counties spent over \$100 million of federal CARES Act resources to assist businesses, nonprofits, and local industries in dire need. In December, the Legislature entrusted counties with an additional \$115 million in targeted business relief dollars resulting in counties working around the clock to create programs, guidelines, applications and get thousands of assistance grants out within weeks. *In total, counties have stepped up to provide over 15,000 grants to Minnesota-based businesses and nonprofits.* If this provision passes, counties will once again stand ready to help in any way we can to get this much-needed continued assistance out to our local business communities. **SUGGESTION:** Counties encourage legislators to allow an expanded timeframe for implementation in order to allow coordination with forthcoming ARP funds. Counties also suggest providing additional flexibility so communities can also use funds for business expansion and resiliency efforts post pandemic.

**Volunteer Driver Reimbursement** (*SENATE Article 2, Section 4*): AMC supports the Senate's proposal to provide an income tax subtraction for volunteer mileage reimbursement rates that is equal to the current business mileage rate. As Isanti County Commissioner and former AMC President Susan Morris testified, volunteer drivers are fulfilling a critical service in communities across the state, providing transportation to a variety of community members including seniors, kids, and veterans to and from medical appointments, after school events, trips to VA clinics, and more. We join many others in believing these selfless community volunteers should not be penalized via an outdated tax structure that does not recognize their service.

**Minnesota Housing Tax Credit and Contribution Fund** (*SENATE Article 2, Sections 11 & 13*): County commissioners across the state agree that a lack of housing accessibility (affordable, workforce, and emergency/shelter housing) is having adverse impacts on individuals, families, local economies, health outcomes, and even the property tax system. The housing crisis in Minnesota is real and requires a multifaceted approach that includes financing mechanisms that incentivize private investment in meeting our workforce housing needs. AMC supports the Minnesota Housing Tax Credit proposal as one of these tools in a broader array of options geared at promoting state, local, and private investments in the housing market. We also encourage legislators to not forget about investments needed at the most basic level of housing: emergency shelter infrastructure and supports, and hope that as the Senate and House enter conference committee discussions, conversations around homelessness will be part of the picture. We thank Senator Nelson for her work in this area and look forward to continued collaboration on this most important issue.

**Licensed in-Home Childcare Provider Credit** (*SENATE Article 4, Section 10*): AMC members support the general principle of providing childcare facilities and providers with assistance. In fact, in many instances, counties used their CARES funds, county business relief dollars, or even levy dollars to provide support/grants to local providers in their communities to keep them afloat during these difficult times. **SUGGESTION:** We thank Senator Weber for his efforts to bring their needs forward in the form of tax relief and would like to continue discussing possible mechanisms that may provide the desired relief in a more streamlined and effective manner. **Other options - including the potential use of an income tax credit or an expanded property tax refund - may be better aligned to provide the benefit to our state's in-home childcare providers.**

**Property Taxpayer Appreciation Day** (*HOUSE Article 7, Secs. 21-24*): AMC is thankful for Chair Marquart's willingness to amend his original HF496 but still have concerns about the logistical challenges and total benefit of the proposed language in Article 7. We suggest alternative language that would provide flexibility for locally elected leaders to select communication and outreach methods best suited to meet the needs of their communities, residents, and taxpayers. We hope legislators will further consider these suggestions as the session continues.

**4d Report Language** (*HOUSE Article 13, Section 24*): AMC understands and supports the desire to further study class 4d housing programs before reducing the tax rate for these properties to the lowest rate among all tax classifications.

**Local Options Sales Tax Mechanisms** (*Article 8, Sections 2, 8, 11*): AMC appreciates the bipartisan and bicameral support for the county-included local options sales tax mechanisms for Carlton, Mille Lacs, and Itasca Counties.

**State Assessed Property Tax Disputes:** A timely development regarding the Enbridge vs. Minnesota Department of Revenue property tax court case may require immediate attention by the Legislature should the state decide not to appeal their ruling. At risk are 13 Northern Minnesotan counties who stand to be on the hook for millions of dollars in refund order paybacks for properties they did not assess, nor defended during the almost decade-long tax dispute. AMC is thankful that the Senate has already held hearings on this issue in prior sessions and is hopeful that should the need arise, the legislature will act in a bipartisan fashion to provide relief for Minnesota communities, residents, and taxpayers not at fault for these outcomes. We also support the committee revisiting efforts to look at the underlying rules used to assess these properties to determine if changes are needed to make the assessment of these properties more dependable.

Once again, AMC thanks members and staff for their hard work in putting together the bill. AMC and counties stand ready to help in any way we can.

Sincerely,

A handwritten signature in black ink, appearing to read "Matt Hilgart", with a long horizontal flourish extending to the right.

Matt Hilgart  
Government Relations Manager  
Association of Minnesota Counties