

March 9, 2026
House Taxes Committee
75 Rev. Dr. Martin Luther King Jr. Blvd.
Capitol Room 120
St. Paul, MN 55155

Re: Support for H.F. 3420 (Lee) - Reauthorization of tax to fund Environmental Response Funds

Dear Chair Gomez, Chair Davids, and Committee Members,

The City of St. Louis Park is writing today to express our support for H.F. 3420 authored by Rep. Lee, to extend the authorization date for an additional eight years in Hennepin County's Deed and Mortgage Tax (MN Statute 383B.80) and Ramsey County's Deed and Mortgage Tax (MN Statute 383A.80). This small tax funds each county's Environmental Response Fund that awards grants to support entities with site assessments and cleanup of brownfields. Historically, industrial activity and other historic development patterns in St. Louis Park have resulted in significant soil contamination throughout the community. As a result, most redevelopment projects in the city require soil and site cleanup and remediation.

We have utilized this program to fund sites and projects such as:

The Rise on 7 redevelopment received \$201,606 from the Environmental Response Fund for removal of contaminated soils and asbestos-containing building materials present on the site. The funds were important in enabling CommonBond to redevelop the former Prince of Peace Lutheran Church site into a mixed use affordable housing building with 120 dwelling units, including deeply affordable housing, and a 6,600-square-foot daycare. Site improvements include outdoor play areas for the apartments and the daycare, rooftop solar array, a rain garden and underground stormwater management system.

The Union Park Flats project, which received \$177,000 from the Environmental Response Fund for asbestos abatement and removal of contaminated soils to redevelop a contaminated site. The site today has 60 affordable apartments owned by nonprofit Project for Pride in Living. The apartments are affordable through a long term covenant for 50 years. The development includes rooftop solar and an outdoor courtyard for residents.

We thank Rep. Lee, Rep. Nadeau, Rep. Moller, and Rep. Jordan for authoring the bill and the committee for hearing it today. We hope that you will consider the passage of H.F. 3420 so that the Environmental Response Fund can continue to spur economic growth, revitalize neighborhoods, increase property values, support housing development, create jobs, and protect health and the environment. Particularly, ensuring creation of affordable housing on previously contaminated sites has been impactful in St. Louis Park.

Sincerely,



Dean Porter-Nelson
Redevelopment Administrator

Environmental Response Fund



Provide a funding source for the Environmental Response Fund (ERF) by extending the expiration of Hennepin County Mortgage Registry and Deed Tax authority

Since 2001, 503 grants totaling more than \$80 million have been awarded to help redevelop vacant and underutilized brownfields into community assets that bring needed housing, jobs and services to communities and properties back on the tax rolls.

Why action is needed

- In 1997, the Legislature granted Hennepin County the ability to capture a portion of mortgage and deed taxes, but that authority expires on December 31, 2027.
- If the sunset date is not extended by the state legislature, the county will not be able to continue this successful brownfield cleanup and redevelopment program.
- The ERF program is consistently oversubscribed, showing continued need for this funding source.

How ERF works

A small tax of .0001 (1/100th of 1 percent) of the value of the property transaction amount is collected for ERF on every mortgage registered and deed recorded in Hennepin County.

- On a typical \$400,000 median home sale, Hennepin County would receive \$80 for the ERF.

The cost of environmental work on a site can make or break a project's feasibility.

- The ERF funds are made available as grants twice a year to municipalities, economic development agencies, housing and redevelopment authorities, other local public entities, nonprofit organizations, and for-profit businesses to support assessment and cleanup of brownfields.

Proven track record of success

ERF spurs economic growth and neighborhood revitalization

ERF spurs economic growth by getting properties back on the tax rolls, increasing property values, creating jobs, protecting health and revitalizing neighborhoods.

Increase property values and getting return on investment

When comparing property values before and after assessment and cleanup, completed ERF-aided projects have increased property values by more than \$3.4 billion.

- From 2003 to 2024, completed ERF-aided projects generated \$520 million more in property taxes than was generated by these same properties prior to ERF involvement, a 7:1 return on investment.

Support housing development

- ERF has supported 23,000 new or retained housing units, more than half of which are affordable housing, with the remaining units moderately priced market-rate housing.

Create jobs

- More than 25,000 full-time jobs have been created or retained by ERF-assisted projects.

Protect health and the environment

- Cleaning up contamination protects groundwater and drinking water and improves indoor air quality and environmental health.
- Supporting redevelopment in urban, suburban and along main streets creates more housing, provides community amenities and services close to where people live, maximizes investments in transit and transportation infrastructure, and reduces development pressure on valuable natural areas.

The need for ERF continues

Hennepin County has approximately 22% of Minnesota's investigation and cleanup sites, totaling more than 6,000 sites of concern.

This map identifies known investigation and cleanup sites throughout the county. Many of the sites are vacant or underutilized, due in part to the known or suspected presence of contamination, and could be good candidates for future ERF funding.

History

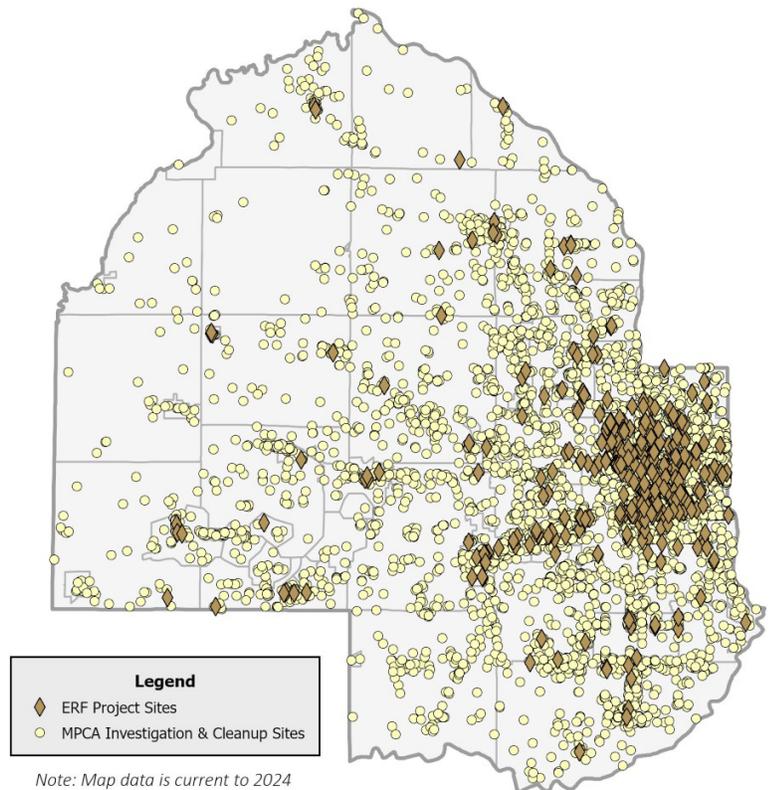
2001: Hennepin County establishes grant program

2002: Sunset date extended for 5 years

2008: Sunset date extended for 5 years

2013: Sunset date extended for 15 years

January 1, 2028: Funds no longer collected for ERF if sunset date not extended.



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