

March 10, 2022

The Honorable John Huot
583 State Office Building
Saint Paul, MN 55155

Dear Representative Huot:

Thank you for sponsoring HF 3224, a comprehensive school property tax equalization package that would reduce property tax and education funding disparities across the state. Our organizations strongly support your bill.

Property taxes play a critical role in Minnesota's education funding system providing revenue for basic operations and ensuring safe and secure facilities for students, staff, and communities. However, property taxes have widely varying impacts on taxpayers depending on the property tax wealth of the school district. Property tax equalization programs have lost significant ground to inflation over the last decade, which creates increasing disparities in tax efforts to support schools throughout Minnesota. HF 3224 would address property tax and funding disparities in the following areas:

- The operating referendum and local optional revenue programs provide revenue for basic operations for school districts. Local optional revenue has not been increased since it was approved in the 2013 session. HF 3224 would increase local optional revenue by \$101 per pupil to restore the lost purchasing power and enhance equalization to address property tax disparities. Likewise, operating referendum revenue is critical to allow school districts to provide basic programming and services to their students. Access to this critical revenue source should not be dependent upon the property tax wealth of the school district.
- HF 3224 would index the equalizing factors for the Local Option Revenue and the Operating Referendum. That would preserve the value of the equalization programs for school districts and prevent districts from "falling off" from the benefits of these property tax relief programs.
- The debt service equalization and long-term facilities maintenance revenue programs are critical in allowing school districts to provide and maintain safe learning environments. A School Finance Working Group convened by the MN Department of Education addresses the inequities in these programs with its recommendation to increase the equalization of the debt service and LTFMR programs and increasing the cap on the LTFMR program from \$380 to \$500 per pupil.
- The same working group report also recommends closing the \$65/pupil inequity that exists for facility funding between the metro area intermediate districts and the rural educational cooperatives. This proposal is also found in HF 498 and has passed the House and Senate in recent sessions, but unfortunately has not been enacted into law.

The property tax will always maintain a prominent position in Minnesota's education funding system. It is imperative that the property tax's role in the system be applied as fairly as possible to prevent

disparate property tax burdens in low property tax school districts. HF 3224 is a monumental step towards the property tax fairness necessary for Minnesota to have an education funding system that truly works for all.

Thank you again for sponsoring this important bill that will greatly enhance property tax and education funding equity for our schools.

Sincerely,

Association of Metropolitan School Districts (AMSD)



Minnesota School Boards Association (MSBA)



Minnesota Association of School Administrators (MASA)



Schools for Equity in Education (SEE)



Minnesota Association of School Business Officials (MASBO)



Minnesota Association of Secondary School Principals (MASSP)



Minnesota Elementary School Principals Association



Minnesota Rural Education Association (MREA)



Minnesota Administrators for Special Education (MASE)



Minnesota Educational Facility Management Professionals



Range Association of Municipalities and Schools

