



April 7, 2022

The Honorable Bill Weber
Minnesota State Senate
Minnesota Senate Building, Room 2109
St. Paul, MN 55155

Dear Chair Weber and Members of the Senate Subcommittee on Property Taxes:

Thank you for the opportunity to offer written testimony regarding SF 3694 (Nelson), SF 4077 (Jasinski), and SF 4455 (Gazelka) which are being presented today in committee.

The Minnesota Business Partnership (MBP) is a membership organization consisting of business leaders from Minnesota's largest employers. MBP member companies span many industries, including manufacturing, health care, retail, and professional services, and they employ half a million Minnesotans.

SF 3694, 4077 and 4455 provide welcome relief from Minnesota's high business property taxes, which currently put Minnesota companies at a competitive disadvantage.

Businesses bear a higher property tax burden than other properties because they pay higher local tax rates than other property types and they also pay the state general levy. The general levy impacts employers of all sizes, including those that do not own property but pay the tax through their lease.

Business property pays nearly three times the effective tax rate as residential property. And although business property represents just 12% of total state market value, it pays 28% of all property taxes. Recent studies show that Minnesota business property taxes are the 10th highest for metro properties valued at \$1M and 7th highest for metro properties valued at \$25M.

The state general levy makes Minnesota an outlier and puts Minnesota businesses at a competitive disadvantage vs. businesses located in other states that don't impose this tax. Minnesota is the only state that imposes a state property tax exclusively on business property.

Minnesota's ability to compete with other locations for business retention and expansion is important to job growth, so making it less expensive to locate or expand here will help fuel economic recovery and long-term economic growth.

We appreciate these proposals to reduce property taxes on Minnesota employers and thank the authors for bringing them forward. With a historic state budget surplus, we ask that you support a reduction in the state general levy. Thank you for your consideration.

Sincerely,

Jill Larson
Deputy Executive Director
Minnesota Business Partnership