



Association of Minnesota Counties

May 2, 2022

Chair Weber and Members of the Senate Subcommittee on Property Taxes,

On behalf of the Association of Minnesota Counties, an organization representing all of Minnesota's 87 counties, I write regarding the recently released Senate Property Tax Subcommittee Report, SF 3706.

As members are aware, recent statewide valuation increases—driven by a historic sales market—have caused significant concern across the state. While it is critical to note that valuation increases *do not* automatically equate to property tax increases, it is nonetheless imperative that Legislature act to provide residents relief. To this extent, we are thankful to Chair Weber for his inclusion of several property tax relief mechanisms—most notably the expansions of the senior property tax deferral program, homestead market value exclusion, and targeted property tax refund program. These pieces of legislation have bipartisan support, are relatively low cost, and will provide direct relief for homesteaded property taxpayers. As conversations continue, AMC urges members to continue to look to these already established mechanisms—particularly the targeted property tax refund program—to provide immediate, enhanced, and targeted relief.

While this bill includes several property tax relief mechanisms, counties also express caution at proposals that would serve to reduce, shift, or eliminate property taxes for a particular property tax class or interest. Proposals such as the affordable housing market value exclusion, energy storage system exemption, and tier changes for agriculture and class 1c (resorts) all represent shifts of tax burdens to other classes. While some of these proposals are small, it should be noted that cumulatively, they still have the effect of eroding tax bases and potentially increasing tax burdens on certain property owners. AMC suggests that the Legislature look to other methods, such as property tax or income credits, to provide similar relief.

Lastly, counties are disappointed not to see any form of local government aid/county program aid included in this report. County Program Aid serves as counties' main general purpose aid category and represents direct property tax and state mandate relief. After 20 years, CPA is still not equal to the original appropriation and is over \$100m behind original funding levels when accounting for inflation. This shortfall results in counties having to rely even more on local property taxpayers to pay for mandated services. It should be noted that County Program Aid provides relief to every single Minnesota Property Taxpayer in the state and therefore should be included in any comprehensive property tax relief proposal this session. We are hopeful that these needs will be addressed during future negotiations and the conference committee process and that local governments are provided with equal investments.

In closing, we thank committee members for their diligent work this session and specifically Chair Weber for his willingness to hear and incorporate county suggestions. We stand ready to be of assistance to members in the coming weeks.

Sincerely,



Matt Hilgart, Government Relations Manager
Association of Minnesota Counties