



May 2, 2022

Senator Bill Weber
Chair, Senate Subcommittee on Property Taxes
95 University Ave W.
Minnesota Senate Building, Room 2109
St. Paul, MN 55155

Dear Senator Weber and members of the Senate Subcommittee on Property Taxes:

Thank you for the opportunity to provide written testimony on Senate File 3706, the Senate Property Taxes subdivision report.

Two concerns we have with this bill are 1) the substantial revenue loss from the repeal of the state general levy, and 2) the lack of expansion of the state's income-targeted property tax refunds for homeowners and renters.

We believe that the resources available in the 2022 Legislative Session – the projected state budget surplus and flexible federal funds – represent a historic opportunity, and should be used to build a future in which all Minnesotans are healthy, safe, and financially secure. In contrast, enacting large tax cuts would prevent making needed investments today, and threaten the state's ability to sustainably fund public services in the future.

This bill would reduce state revenues by about \$1.5 billion per biennium once the state general levy has been fully eliminated. It would provide an untargeted property tax reduction for commercial-industrial and seasonal recreational properties regardless of whether they are struggling or highly profitable.

This would come on top of the substantial revenue reductions contained in Senate File 3692, the omnibus tax bill. Senate File 3692 would spend about 80 percent of the structural balance for the FY 2024-25 biennium on tax cuts, barely leaving enough to keep up with inflation, or to respond to the consequences of current global events.

Phasing in a tax cut over more than 10 years shifts the full cost outside of the budgeting window and obscures its true fiscal impact. Putting the full effect years into the future divorces the cost of these tax cuts from the inevitable trade-offs that will have to be made to pay for them – whether that is failing to fund schools, health care, or other critical public services, or raising other taxes. This bill proposes cutting taxes on commercial-industrial and seasonal recreational properties more and more, year after year, regardless of our priorities as a state or the fiscal situation at that time – even if it would create or worsen a state budget deficit.

We are also disappointed that Senate File 3706 does not expand the state's income-targeted property tax refunds for homeowners and renters, commonly called the Circuit Breaker and Renters' Credit. These refunds prioritize property tax reductions for those Minnesotans struggling to get by on lower or fixed incomes and those for whom property taxes make up a larger share of their family budgets.

As you move toward final tax legislation this session, we especially encourage you to make renters a higher priority and support the Renters' Credit expansion provisions in House File 3669, the House omnibus tax bill. This proposal would simplify and streamline the income definition and process for applying for the Renters' Credit, and benefit seniors, people with disabilities, families, and workers all across the state.

I have also provided the committee with a letter signed by multiple organizations asking you to prioritize expanding property tax refunds for low- and modest-income homeowners and renters this year.

Please contact me at nmadden@mnbudgetproject.org or 651-757-3084 if I can provide additional information that would be helpful to you.

Sincerely,

A handwritten signature in black ink that reads "Nan Madden". The signature is fluid and cursive, with a long horizontal stroke at the end.

Nan Madden
Director, Minnesota Budget Project

The Minnesota Budget Project, an initiative of the Minnesota Council of Nonprofits, identifies and promotes public policies so that economic security is available to all Minnesotans, regardless of who they are or where they live.