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April 4, 2022

Senator Carla Nelson, Chair
Senate Taxes Committee
Room 3235, Minnesota Senate Building,
95 University Avenue W. Saint Paul, MN 55155

Dear Chair Nelson and Senate Tax Committee Members:

The Minnesota Inter-County Association (MICA) represents fifteen of Minnesota's larger and faster growing counties, including four suburban and eleven Greater Minnesota counties.

County governments administer a wide array of programs on behalf of state government. To fund those programs, county governments rely on a combination of intergovernmental funds and property tax revenue for over 90% of total revenues. Over the past twenty years, reliance on property tax revenue, including to fund state-determined programs, has increased as intergovernmental aids have remained relatively flat, and state funding has not kept pace with the cost of state mandates. For example, property tax as a share of total county revenues has increased from about 35% in 2002, to about 45% in 2022.

We recognize that Minnesotan residents and businesses pay a variety of state and local taxes to fund state and local government in Minnesota, and that consideration of tax relief for Minnesotans involves a variety of tax types. As discussion of S.F. 3692—A-3 Delete Everything Amendment (Senate Omnibus Tax Bill) proceeds, we encourage the Committee to consider a simplified, full exemption of state sales tax on local purchases, and enhancing state aid and credit programs as part of overall tax relief.

Thank you for your work and for the opportunity to comment on S.F. 3692—A-3 Delete Everything Amendment.

Sincerely,



Matt Massman, *Executive Director*
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