



May 9, 2022

Senator Nelson and Senate Tax Committee,

On behalf of the Coalition of Greater Minnesota Cities (CGMC), I am writing to express our extreme disappointment with the omission of both an increase in the appropriation for the Local Government Aid program and updates to the LGA formula that more accurately reflects current city needs.

By any measure, the LGA program and appropriation have not kept up with city needs. Over the past decade, inflation has far outpaced the growth of the LGA appropriation, and the LGA appropriation continues to shrink as a share of the state's general fund. While cities have received some support for COVID-19 activities through funds provided by the federal government, these dollars are required to be spent on a limited set of COVID-19 related uses and in narrow time frames. Those dollars are in no way intended, or usable, as an ongoing stand-in for a general purpose aid such as LGA. In order to provide the needed increase to the LGA appropriation, Senator Bakk introduced SF 3576 to increase the LGA appropriation by \$90 million. Unfortunately, this bill did not receive a hearing.

Historically, the LGA formula has undergone review approximately every ten years or so to ensure that it is still functioning optimally and meeting the needs of cities and their residents. The last significant update to the LGA formula was in 2013. With the encouragement of tax chairs in both the Senate and House, groups representing cities, including the CGMC, worked together with non-partisan legislative staff and staff from the Department of Revenue to review and recommend potential changes to the current LGA formula. The product of this work, which has the support of the CGMC, League of Minnesota Cities, Metro Cities, and the Association of Small Cities is contained in SF 3871, authored by Senator Klein. Unfortunately, this bill also did not receive a hearing in the Senate.

An increase in the LGA appropriation, as well as needed updates to the LGA formula, remain among the highest priorities for the CGMC for the remainder of the session. As the legislature works to prioritize the use of our state's historic surplus, we will continue to press for the legislature to support cities across the state, especially in Greater Minnesota, through a common-sense investment in local government aid.

Sincerely,

Bradley Peterson  
Executive Director, Coalition of Greater MN Cities