



February 1, 2023

Chair Rest and Members of the Senate Tax Committee,

On behalf of the Association of Minnesota Counties and League of Minnesota Cities, we write to provide input regarding a variety of property tax proposals in front of the committee today.

Property tax relief is a top priority for our Associations this year. From a local government perspective, comprehensive property tax relief includes investments in levy reduction mechanisms, direct property tax relief programs, as well as the protection of continued erosion of community tax base.

We appreciate and support Senator Klein's bill (SF 272) to enhance the targeted property tax refund mechanism by increasing the total available credit as well as reducing the overall net increase rate of property taxes to 10%. This mechanism is a beneficial way to address steep, potentially one-time, increases in property tax burden especially as we are recognizing the effects of historic market valuations for residential properties the last couple years.

In addition, we would respectfully reiterate a third component of our vision for property tax relief: protecting tax base. As members are aware, when tax base is reduced, the remaining levy burden is shifted on to fewer taxpayers causing increases in individual tax burden. Over time—and a history of expansion of new rate cuts, shifts, exclusions, etc.—the effects of this erosion of tax base are quite impactful.

While SF 121 and SF 772 are by no means the start or the culprit of historic tax base insufficiencies, they are important reminders as we continue conversations this session to think creatively about approaching worthwhile proposed benefits in a way that does not shift taxes or diminish already receding tax bases making less residents pay more—some in no means to do so.

Again, we appreciate the committee's shared priority surrounding property tax relief and look forward to working with interested members in finding creative ways to deliver an array of deserving individual benefits while building more stability into future tax base.

Sincerely,

Matt Hilgart, Association of Minnesota Counties  
Nathan Jesson, League of Minnesota Cities