



DEDICATED TO A STRONG GREATER MINNESOTA

April 26, 2023

Chair Rest and members of the Senate Tax Committee,

I am writing on behalf of the Coalition of Greater Minnesota Cities (CGMC) to address the level of Local Government Aid (LGA) funding proposed in the Senate's omnibus tax bill, S.F. 1811. While the inclusion of the LGA formula updates agreed to by the League of Minnesota Cities, Metro Cities, the Minnesota Association of Small Cities, and the CGMC is a positive, we would be remiss if we did not comment on the level of LGA funding provided in this bill. A \$40 million increase in the LGA appropriation, unfortunately, does not meet the moment either in terms of the challenges cities in Greater Minnesota are facing or the opportunities presented by the state's historic budget surplus.

A significant LGA increase is not only one of the most important items for the CGMC in the tax bill, but it is amongst our highest priorities across all the issues we work to address. As previously noted before the Committee, whether compared to inflation or its share of the state's general fund budget, the dollars going into the LGA appropriation have simply not kept up.

I would also note that it appears the legislature is poised to pass significant new mandates on local governments related to proposals on paid family medical leave. This appropriation level would be largely subsumed by the cost of that benefit, reducing the ability of cities, their residents, and their businesses to realize the benefits of an LGA increase. In short, it is simply not enough.

LGA not only restrains property taxes, but it is a significant factor in providing the services, amenities, and infrastructure that creates thriving communities across Minnesota. In fact, LGA is the most significant way that the legislature can support communities in Greater Minnesota. A strong state/local partnership requires a greater investment from the state.

As S.F. 1811 proceeds to the Senate floor and conference committee in the House, we look forward to continuing work on right-sizing the LGA appropriation that will eventually be passed into law.

Sincerely,

Brian Holmer, Mayor of Thief River Falls  
President, Coalition of Greater Minnesota Cities