

April 26, 2023

Senator Ann Rest, Chair
Senate Taxes
328 State Capitol
75 Rev. Dr. Martin Luther King Jr. Blvd.
Saint Paul, MN 55155

The Minnesota Inter-County Association (MICA) represents fifteen of the larger and faster growing counties, including four suburban and 11 Greater Minnesota counties.

Property tax relief is a top priority for MICA member counties this session. MICA appreciates that SF1811 DE-1, the Senate Omnibus Tax Package, includes components of comprehensive property tax relief—such as \$40 million increase in county program aid, increased SCORE grants to counties, adjustments to the market value homestead exclusion, expansion of the targeted refund program, and expansion of the senior deferral program.

The current bill, however, does not adequately address the significant decline in the state's support for general-purpose county program aids and other state-local tax reforms.

Annual County Program Aid (CPA) appropriations are more than \$150 million lower than they would be had the appropriations kept pace with rising costs over the past twenty years. This general-purpose aid is a fundamental tenet of the state and local fiscal partnership. Over that same time, state General Fund spending on county aids has declined from 2% to less than 1%. As the bill moves forward, we urge county program aid be increased by an amount that better aligns with a renewal of the historic level of state commitment to general-purpose local aids, and that those increased appropriation levels then be annually indexed for inflation in future years.

In addition, MICA is very concerned with the limited changes or absence of the following provisions in SF1811-DE1 as drafted:

- The proposed increase in per acreage PILT payments from \$2.00 to \$2.25 is far less than the adjustment needed to align payments for those lands to a level that is comparable for those of other PILT eligible lands.
- Does not include a general law refund exemption for state sales tax paid on construction materials by all local governments.

Thank you for the opportunity to provide input on the SF1811-DE1. We welcome opportunities to continue working with you and the committee as the bill moves forward.



Matt Massman, Executive Director
Minnesota Inter-County Association