



April 26th, 2023

Chair Rest and Senate Tax Committee Members,

We write today with a matter of urgency, on behalf of the 700+ hundred small cities in Minnesota with populations under 5,000 - and the more than 650,000 Minnesotans who call a small city “home”.

While there are provisions in the SF1811 DE Amendment that we do support, the instructions we’ve received are to limit our communications only to areas in which we have concerns.

Minnesota’s Small Cities rely heavily on Local Government Aid (LGA) to fund our daily services and this bill - as written - **does not** meet our needs in that area. The additional \$40 million proposed in the bill will barely cover the needs that have accumulated in recent years due to inflation and unfunded mandates put upon our local city officials. At a time when the state has a record surplus, there should be more support for our smaller local governments.

Our small communities do not have the same revenue-raising options that many larger cities do and therefore, increased LGA appropriations directly result in reducing or preventing property tax increases for thousands of Minnesotans. We would respectfully ask for an increased LGA target that provides ongoing, meaningful revenue that Minnesota’s small cities can use and rely on now, and moving into the future.

As mentioned, there are provisions that we do support in this legislation but in following the committee’s instructions we have left those out of this letter. We look forward to working with you in the next step of the process to find a resolution on the matter of LGA funding.

Thank you.