

April 3, 2024

Senator Ann Rest
Chair, Senate Tax Committee
Minnesota Senate

Re: SF 5194 – CUB Credit

Dear Senator Rest and Committee Members:

We are pleased to write in support of SF 5194, which would create a refundable tax credit for the conversion of underutilized buildings. The CUB credit would help to revitalize our downtown by supporting the conversion of underutilized buildings for new, habitable uses.

Downtown Minneapolis is an economic engine for the state. Downtown brings residents, small and medium-sized businesses, Fortune 500 companies, professional sports teams, international conventions, world class events, restaurants, theater, and arts together along the Mississippi River providing a one-of-a-kind experience. Downtown vibrancy impacts not only the economy of Minneapolis, but the economy of the entire state of Minnesota.

Like many cities across the country, Minneapolis has experienced a shift in downtown activity coming out of the COVID-19 pandemic. As downtown office buildings decline in value, particularly relative to other uses throughout the city, it shifts property tax burden to other, primarily residential, taxpayers in Minneapolis. It also effects the state's property tax base and statewide economy. According to a study from the Minneapolis Regional Chamber of Commerce, Minneapolis contributes \$3 to the state for every \$1 it receives in state support.

The CUB credit would help to revitalize our downtown by supporting the conversion of underutilized buildings for new uses and would help to ensure that the tax burden does not unfairly fall to low-income homeowners and renters in Minneapolis and to taxpayers statewide.

We urge the Committee to support SF 5194 and appreciate its consideration of this important proposal.

Sincerely,



Jacob Frey
Mayor



Michael Rainville
Council Member, Ward 3