



April 16, 2024

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

RE: Senate File 5435 Hauschild

Honorable Chair Rest and Members of the Minnesota Senate Taxes Committee,

Thank you for this opportunity to comment on Senate File 5435. We wanted to share that the city of Hibbing does not support Senate File 5435 in its current form. The city of Hibbing was not consulted with by the advocates or the authors in the creation of this bill and was not included in this proposal alongside our neighboring communities. We value the excellent relationship we have had with both Senator Hauschild and Chair Rest in the past and request that you work with us to address our deep concerns.

We want to highlight that the bill does not include any city of Hibbing projects, yet we are a major contributor to the revenue stream that funds the projects in the bill for numerous communities. Additionally, we have not seen any modeling of how the new fiscal disparities formula will work. We heard in testimony that there are winners and losers across the Iron Range with the new formula change and we would like to receive that tax simulation run information. Additionally, none of these items were introduced as a bill in the Minnesota Senate or had a hearing. Indeed, we only heard about these significant changes when a recipient of money in the bill told us a DE amendment with funding for projects was being considered.

The city of Hibbing contains two (2) taconite plants within our city's boundaries, Hibbing Taconite and Keewatin Taconite. We are proud to be major contributors to communities across the Iron Range and have been for decades. Between these two Hibbing plants, we have contributed, on average, 31% of the overall taconite production tonnage over the past eight years and the corresponding revenue. In 2023, that amount was \$37 million from the taconite plants within our city. In return, the city of Hibbing receives only approximately \$2.3 million annually from the production tax, or 2.12% of the overall production tax paid by all taconite plants.

We are deeply disappointed that the creators of and advocates for SF 5435 did not include us in any discussions. We are also disappointed that there are no city of Hibbing projects in the bill, as our community has needs that we believe are worthy of being included in this proposal. While there are two non-city items (for a nonprofit organization and public utilities) there is nothing for the city of Hibbing. We hope this exclusion was an oversight and we look forward to working with you as the 2024 Legislative Session continues. We believe fairly recognizing the city of Hibbing's needs is critical and we stand ready to work with you to move Hibbing, the Iron Range and the State of Minnesota forward!

Sincerely,

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cc. Senators Hauschild and Farnsworth