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April 30, 2024

Senator Ann Rest, Chair  
Senate Tax Committee  
328 Minnesota State Capitol  
Saint Paul, MN 55155

Chair Rest and Senate Tax Committee Members,

Thank you for the opportunity to share written testimony on SF5234 A2 Amendment, the 2024 Senate Tax Bill.

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

The 2023 Omnibus Tax Bill took historic steps to strengthen the state-local fiscal partnership. We appreciate that even with limited resources available in 2024, SF5234 A2 includes multiple provisions to further support the work that county governments undertake, often at the direction of the state.

- **Local Sales and Use Tax Authorization** (Article 6). Access to local sales tax base has become an increasingly important tool for local governments to fund regional infrastructure but is only available through special law authorization. We support the direction of SF5424 A2 to universally authorize the opportunity for all counties to diversify local options to fund occasional, large-scale, and costly capital projects having regional benefit. As the bill moves forward, we support that the definitions for libraries, parks, and trails be modified to apply to all areas of the state.

We also appreciate the importance of promoting equitable access to community amenities and tax base. We respectfully offer, however, that such equity goals are better addressed through statewide mechanisms and aid programs.

- **Solid Waste Management Tax (SWMT) Allocation:** We strongly support the one-time increase of \$3.252 million for SCORE grants in Article 8, section 3. County governments are accountable for meeting higher recycling goals by 2030. Despite significant investments of local funds, statewide recycling rates have been stuck at around 40-45% even as revenues from the SWMT have never been fully allocated to solid waste management activities. We appreciate and support this effort to continue the efforts made last session toward fully allocating all SWMT revenues that currently go into the state General Fund, to SCORE grants for counties.

We also support adding language to SF5234 that would restore and maintain local tax base in response to the recent *Alliance Housing v. Hennepin County* state Supreme Court decision. The state-determined property tax classification system has long been intentional in addressing preferential taxation for low-income rental housing through the class 4d program. We believe that adopting language this session to clarify the legislature's intent will best support property tax base stability going forward, including how the property tax system can best support needed low-income housing.

We oppose the maintenance of effort requirement proposed in Article 2, section 18. The Local Affordable Housing Aid (LAHA) enacted last session provided significant funding for cities and counties in the metropolitan area to design and implement local solutions to address housing affordability.

We appreciate that provisions in Article 2, sections 16 and 17 seek to modify the definitions of qualifying projects and uses to even better fit housing needs and opportunities, including to allow funds to be used for supportive housing services. Recipient cities and counties are broadly working in good faith to implement this new resource as intended to expand available housing units. We respectfully urge that those local efforts continue without the imposition of permanent, inflexible and cumbersome maintenance of effort requirements.

Thank you for your consideration.



**Matt Massman**, Executive Director  
Minnesota Inter-County Association