



February 25, 2025

Chair Rest and Senate Tax Committee Members,

Thank you for the opportunity to share written testimony on SF375, on behalf of the Minnesota Inter-County Association (MICA). SF 375 would provide counties and cities the ability to go directly to their voters to decide whether certain capital projects can be funded with a local sales tax. MICA appreciates and supports this bill as an important component of maintaining the state and local fiscal partnership. The process that this proposal would create would result in more voter control over what projects move forward and which ones do not.

Under current law local governments must introduce bills and navigate a complex and opaque legislative process to see if their project can move forward. These local sales tax proposals are often non-controversial but get wrapped up in large omnibus tax bills that may not become law. In fact, the last time an omnibus tax bill became law during a non-budget year was 2014. This unpredictable process results in delays for important infrastructure at the local level, ultimately raising costs on taxpayers.

Counties are in a particularly unique situation when it comes to local sales taxes. The types of county projects that have been brought to the voters are not glamorous projects that increase quality of life in one county compared to another, rather they are nearly always mandates from the state to pay for needed infrastructure in our criminal justice system. Given that the state requires counties to build these facilities, it makes sense for the state to provide some new authority for counties to pay for these infrastructure costs.

That's why we're grateful for the language included in lines 10.1-10.3 of the bill, which allows the ballot language to acknowledge if the project is mandated by the state. We would also support exempting these types of state mandated projects from the requirement included in lines 10.17-10.19, which disallows any statement informing the voter in the ballot language that a no vote may increase their property taxes. Current law prohibits local governments from expending funds to support a local sales tax and limits local governments to only disseminate information related to the project or the sales tax itself rather than indirect effects like property tax impact. Conveying the information via the question may be a good mechanism to ensure that voters have the best information when casting their ballot.

Thank you for the opportunity to share our perspective on this important bill. It would result in a more stable and predictable system for local governments and the state to fund critical infrastructure projects that are supported by voters.

A handwritten signature in black ink, which appears to read 'Nathan Jesson'.

Nathan Jesson, *Executive Director*
Minnesota Inter-County Association