



March 18, 2025

**Re: Support for SF 768 – establishing a tax credit for the adaptive reuse of underutilized buildings**

**Chair Davids and Members of the House Taxes Committee:**

The League of Minnesota Cities appreciates the opportunity to provide comments on SF 768. On behalf of our 841 member cities, we respectfully request that members support this new proposal, which would allow a tax credit for 30% of the total cost of qualifying adaptive reuse expenses for a qualifying project.

The bill, which is modeled after the Historic Structure Rehabilitation tax credit, offers a timely solution for redevelopment projects adapting underutilized buildings. The proposed credit encourages investment in these properties, fostering the transformation of empty or neglected buildings into functional, income-producing structures. This will create new opportunities for businesses and identify opportunities for more housing development and enhance the overall appeal of downtown areas and other neighborhoods in cities both in the metropolitan area and in greater Minnesota.

Vacant or underutilized commercial buildings have become a significant issue in cities across the state, as the trends of remote work and online sales have decreased the importance of retail and office buildings. As a result, cities are facing budget challenges on top of questions of how to create attractive opportunities to use vacant property. The redevelopment of these properties increases the local tax base will also help mitigate against the shifting of property taxes onto residents as underutilized buildings continue to see declining valuations.

Cities across Minnesota are faced with expensive barriers to rehabilitate and reuse buildings that are no longer fully providing their intended use. These barriers pose significant problems for cities seeking to reuse existing infrastructure and spur much needed development across the state. The League of Minnesota Cities supports resources for cities like this newly proposed tax credit that help with the renovation of underutilized buildings.

Please join us in providing resources to address this growing issue by supporting SF 768.

Sincerely,

A handwritten signature in black ink that reads "Daniel Lightfoot".

Daniel Lightfoot  
Senior Intergovernmental Relations Representative  
League of Minnesota Cities

A handwritten signature in black ink that reads "Beth Johnston".

Beth Johnston  
Intergovernmental Relations Representative  
League of Minnesota Cities