



**May 7, 2025**

**Chair Rest and Senate Tax Committee Members,**

Thank you for the opportunity to share written testimony on the a4 delete everything amendment to SF2374, the omnibus tax bill, on behalf of the Minnesota Inter-County Association (MICA).

### **Cuts to County Program Aid**

MICA is strongly opposed to the proposed cuts to County Program Aid proposed in Article 7, Section 7. County Program Aid (CPA) is an essential tool for counties that helps keep property taxes down while providing flexibility to support vital programs. This 6% statewide average cut to CPA will have a negative impact on property tax levies across the state while other committees are shifting significant costs onto counties, compounding this problem. But that 6% cut doesn't tell the whole story. In Dakota County, it's an 8.3% reduction. In Olmsted County it's 7.3%. In Carver County it's a 12.9% reduction.

The reality is that CPA is a smaller percentage of local levies and the state budget than it has been historically. It used to reflect 18% of a county levy on average statewide, now that's down to 8% and would be lower still under this bill. The state hasn't kept CPA up with inflation or the level of commitment Minnesota used to show in the state and local partnership.

This proposal to cut CPA on top of over \$100 million in cost shifts onto counties from other senate committees in the next biennium will increase regressive property taxes in a way that will negatively impact Minnesotans across the state. We strongly urge the committee to reconsider this proposal as session progresses.

### **Repeal of cannabis aid**

MICA opposes the repeal of local government cannabis aid proposed in Article 10 Section 23. Current law allows local governments to limit permits to retail operators to no fewer than one registration for every 12,500 residents. Having the cannabis aid in place paired with this limited authority provides a financial incentive to local governments to allow more than the minimum number of retailers if they so choose. By permanently removing this aid, that financial incentive that gives local governments "skin in the game" is gone.

### **Local sales tax general authorization**

MICA supports the changes in Article 5, which 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. 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.

We would like to have more discussions with committee members about the language on lines 111.31-111.33 that disallows local governments from informing voters that the project in question may be funded by property taxes if the local sales tax referendum does not prevail. While this requirement may make sense for certain “nice to have” projects, in 2024 alone there were multiple counties bringing forward local sales tax ballot questions on critical correctional facility projects that had already broken ground. These projects would be funded with the property tax if the ballot question failed, as was the scenario in one case.

#### **Local Homeless Prevention Aid, Sunset Repeal**

We support the language in Article 4, Section 15 which would repeal the sunset on local homelessness prevention aid. This aid was established in 2021 and is already being used by counties to improve housing stability for families and help keep kids in school. In Anoka County in 2024 these funds were used for a five person housing staff team that operated a Housing help desk, emergency hotel shelter program, direct assistance to remedy housing crises, foster care development, and reconnected homeless youth with schools. Stearns County used these funds to form a relationship with St. Cloud School District 742 to help families experiencing homelessness and families at risk of homelessness. Repealing the sunset on this aid will help counties across the state be in a better position to prevent youth homelessness moving forward.

#### **Institutions of public charity**

We support the language in Article 2, Section 17 which would allow an exemption for a lease of residential housing property of any term that is exempt from property taxation as an institution of purely public charity. We would like to have further conversations with the committee about the language the committee heard in SF2915 as a possible alternative as the omnibus bill moves forward.

Sincerely,

A handwritten signature in black ink that reads 'Nathan Jesson'.

Nathan Jesson, Minnesota Inter-County Association