



May 7th, 2020

Dear Members of the House Tax Committee,

On behalf of our respective organizations representing cities across Minnesota, we appreciate your efforts to help cities navigate the impacts of the COVID-19 pandemic. We write to support the House Omnibus Tax Bill (HF 3389 - Marquart) that will provide additional flexibility to cities in responding to this crisis.

Cities are facing increased costs related to COVID-19, including: purchasing PPE for city workers like firefighters, police officers and inspectors, purchasing equipment to transition to remote work, and paying overtime for critical workers.

At the same time, cities are facing significant revenue declines: lower park and recreation fees, lower local sales tax collections, and lower permit fees. Cities are also anticipating an increase in property tax deferrals and late payments and a likely future shift in burden from C/I property to homeowners in coming years.

The tax bill gives cities flexibility, over a limited amount of time, to use revenues that originate in their communities to pay for critical needs. Cities can decide how best to deploy resources: whether to pay first responders or moderate property tax impacts. The CARES Act will not reimburse cities for revenue loss, making this proposal a small but important step to assist cities with revenue challenges.

We look forward to continuing to work with you as this bill moves forward through the process. Our organizations are closely following several provisions in the bill and may weigh in separately on other provisions. Please reach out at any time with questions.

Sincerely,

Gary Carlson
Director of
Intergovernmental
Relations
League of Minnesota
Cities

Tom Poul
Municipal Legislative
Commission

Patricia Nauman
Executive Director
Metro Cities