



March 21, 2023

Chair Lislegard and Property Tax Committee Members ~

On behalf of MN Small Cities, we appreciate the ability to weigh in on the A23-0086 amendment to HF1377, as posted.

There are over 700 hundred small cities in Minnesota with populations under 5,000 and more than 650,000 Minnesotans call a small city “home”. One of our top priorities this session is to secure an additional investment into LGA and an update of the existing formula. We are pleased to see an LGA increase contained in this amendment.

**Article 3:**

**Formula Adjustment:** MN Small Cities has worked collaboratively with LMC, Coalition of Greater MN Cities, and Metro Cities to craft updates to the LGA formula that are equitable and allow cities the ability to better plan for state LGA funding into the future. MN Small Cities supports the formula changes proposed in HF1377.

**Sec 12** MN Small Cities supports increasing the LGA funding by \$100 million. Our local government coalition was supportive of the initial \$150 million request but we are most appreciative of this investment into LGA as well.

**Sec 14.** The inclusion of a modified inflation factor in the LGA formula is strongly supported by MN Small Cities. This annual increase will allow cities to plan better, for expected rising costs that come with providing ongoing city services.

**Sec 23 & 24;** MN Small Cities supports the restoration of Aid for the cities Echo & Morton. These two cities had significant staffing changes during the pandemic in 2020 which resulted in missed filings; this change will allow both cities to continue to provide support and services to the residents of their communities.



**Article 5:**

**Sec 16:** We support the inclusion of language that will allow the City of Chatfield to expand economic development opportunities with an exemption to the current 15,000 sq ft limitation. However, we would like to see this same option extended to *any* city considering such a project, without the requirement that they return to the legislature each year.

**Sec 21,22 & 25:** These provisions create a special designation for two small cities to allow TIF. MN Small Cities is in favor of *all* cities having access to these same economic development tools and would support a broad policy that allows all cities located near a larger city to share in the economic development of the broader community.

Thank you again for supporting MN Small Cities' priorities. We look forward to working with your Committee on policies that will benefit Minnesota's small cities and communities throughout the state.

Cap O'Rourke  
Executive Director  
Mn Small Cities