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February 15, 2023

Senate File 1504 (Norris)

Dear Chair Lislegard and Members of the House Property Tax Division,

The National Federation of Independent Business (NFIB) represents over 10,000 small business members in every industry and corner of Minnesota. Over 75% of our members have fewer than 10 employees and our mission is to advocate for Main Street.

We appreciate the opportunity to comment on House File 1504, which would increase the property valuation limits for the homestead market value exclusion. NFIB Minnesota is concerned that this change will shift costs onto small business property taxes.

Like residential properties, commercial and industrial (C/I) property values have risen significantly in recent years. In addressing the impact of rising values on property, we encourage the committee to avoid shifting costs onto C/I properties – who are often small businesses that are still recovering from the pandemic and ensuing economic headwinds.

A similar proposal was included in the unpassed 2022 Tax Conference Committee report. A June 2022 Senate Fiscal analysis of various valuation changes and other adjustments in that proposal found the smallest businesses would bear the brunt of the shift in burden.

We look forward to working with Rep. Norris and members to find ways to address rising property valuations – a problem that is also impacting C/I property across the state – without shifting property tax burden onto small businesses.

Sincerely,

A handwritten signature in black ink, appearing to read 'John L. Reynolds', is positioned above the typed name.

John L. Reynolds
Minnesota State Director
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