



May 4<sup>th</sup>, 2021

Chair Marquart and Chair Nelson,

On behalf of NAIOP-MN members, thank you for your tireless work this session in response to the pandemic. NAIOP-MN is the leading organization for commercial and industrial real estate developers and owners. We thank you and the conferees for the opportunity to speak with you regarding the commercial real estate industry this session and in the coming weeks.

NAIOP-MN supports the provision in both the House and Senate omnibus tax bills to increase the market value exclusion for commercial/industrial (C/I) properties to \$150,000. Minnesota continues to rank in the top 10 worst for business tax climate, which includes our unique state general levy. While the exclusion increase is a recognition of how fixed costs impact businesses, members can provide the most equitable relief by reducing the overall levy for all businesses. Increasing the exclusion amount picks winners and losers based on the relative location and size of the building, as opposed to the size of the business. On the other hand, reducing the levy provides relief to all businesses, including the great many that choose to rent or simply cannot afford to own their own building. Therefore, we do not support increasing the exemption beyond this proposed \$150,000 level.

We support the Senate language that fully conforms to the federal treatment of Paycheck Protection Program (PPP) loan forgiveness from gross income. Businesses took these loans on good faith that the tax liability would be forgiven at both the federal and state level. The loans were used to retain employees, avoiding layoffs requiring unemployment insurance coverage.

Our association supports the House language that extends the sunset of historic structure rehabilitation credit by eight years. This provides communities and developers a vital tool to preserve our historic buildings for future generations while creating jobs in those communities. Many of these buildings can't be revitalized without the state and federal credit. We encourage members to consider extending the sunset as long as possible because developing a plan and finding financing is a complex process.

We look forward to working with you to develop an omnibus tax bill that will benefit all Minnesotans and be signed into law by Governor Walz.

Sincerely,

A handwritten signature in black ink, appearing to read "Shawn Smith".

Shawn Smith,  
Public Policy Committee Chair



cc: Sen. Bill Weber  
Sen. Jeremy Miller  
Sen. Tom Bakk  
Sen. Ann Rest  
Rep. Cheryl Youakim  
Rep. Dave Lislegard  
Rep. Kaohly Vang Her  
Rep. Greg Davids