



Minnesota Inter-County Association

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Sent Via Email

April 6, 2021

Representative Paul Marquart, Chair
House Committee on Taxes
597 State Office Building
St. Paul, MN 55155

Chair Marquart and Tax Committee Members:

On behalf of the Minnesota Inter-County Association (MICA), thank you for the opportunity to testify on HF991, the 2021 House Omnibus Tax Bill (A21-0146 delete all amendment).

Tax Aids and Credits: MICA appreciates that HF991 maintains county program aid (CPA) and we support the creation of Local Homeless Prevention Aid. Youth homelessness is a statewide public policy challenge and the flexible program framework proposed by Chair Gomez (HF1791) will provide needed, dedicated funding for local collaborations to help ensure stable, secure housing for young adults. While the funding level is lower than proposed by HF1791, we appreciate the changes made to moderate year-to-year variability in funding levels so that the appropriated amount will better sustain program readiness and stability across years.

We also support the nearly \$70 million of funding to provide more county relief grants to local businesses consistent with the framework established in Chapter 2, 7th Special Session of 2020 (Chapter 2). County governments have prioritized assistance to impacted businesses and non-profits throughout the COVID pandemic and most counties received more grant requests than could be accommodated from the \$115 million distributed under Chapter 2. These additional funds will help address those unmet needs. Allowing grants to be awarded to businesses impacted by COVID executive orders would best ensure that all impacted entities can be awarded grants.

Property Tax Base Changes (selected): While increased support for emergency and workforce housing is a priority for member counties, our Association has previously raised concerns about achieving those policy goals through tax base shifts, such as with the 4d low-income housing classification. We greatly appreciate the direction put forward in Article 13, Section 24, to analyze the impacts of the 4d preferred classification, and we encourage completion of that study prior to expanding the preferred class rate.



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Sales Tax – Construction Materials: We support all efforts to move closer to a general law providing a full refund exemption for all sales tax paid by local governments on the purchase of construction materials. The proposed language does so by authorizing a refund exemption for certain projects, and by proposing a general law change applicable to all public safety facilities. Counties, for example, also invest regularly critical road, bridge, and other critical local infrastructure. Persistent underfunding for those projects could be partially alleviated if state sales tax on construction materials could be redirected to more projects. We encourage a broader or full exemption for all local government purchases of construction materials be considered as the bill progresses.

Property Tax Administration: Member counties share the goal of ensuring a transparent and engaged local budget and levy setting process. The property tax is one of the most complex and visible major taxes, and member counties take a variety steps to develop and share information to help the public understand property tax decisions. We are concerned, however, that taxpayers wanting to participate in required Truth-in-Taxation hearings may find the single-day of hearings for all levels of government less, rather than more, accommodating. While some taxpayers will appreciate the convenience of remotely accessing the meetings in one dedicated evening, others wishing to attend in-person may be inconvenienced. We hope to continue working to find alternatives that achieve the desired process improvements, such as, for example, a scheduling scheme that ensures local officials sequence meetings across multiple days without overlapping.

Finally, while not directly related to our legislative platform, we also recognize the importance of, and support, the continued prioritization of the homeowner and renter property tax refund programs as the most effective and appropriate way to mitigate property tax burdens.

Again, thank you for the opportunity to provide written testimony and for your work and that of the Committee.

Matt Massman, *Executive Director*
Minnesota Inter-County Association