



Members of the House Property Tax Division:

On behalf of the members of our organizations, we want to express our joint support for language in the delete all amendment to HF 4064-Youakim that updates the Local Government Aid formula. We also wish to express our appreciation for increasing the LGA appropriation.

The formula changes in the amendment reflect months of research and analysis by our associations, assisted by staff from the House Research Department, Senate Counsel, Research and Fiscal Analysis, and the Department of Revenue.

The modified formula factors, using regression analysis, represent the most statistically valid predictors of differences in city need and spending patterns, and improve upon existing factors in anticipating variations in city needs and spending. Some factors in the formula were maintained while others were modified, depending on their statistical ability to reflect and anticipate variations in city needs.

In addition to the improved predictive ability of differences among cities, the modified formula will mean fewer cities (42) will lose aid in 2023, as opposed to 112 cities slated to lose aid in 2023 under the current formula. Our associations continue to support a formula based program, with criteria based upon regression tested factors that best determine cities' needs for aid.

While our associations appreciate the increase for LGA contained in the amendment, as we have testified to previously, we continue to support an appropriation increase of \$90 million to accompany the formula changes. We appreciate your consideration of our support for this level of appropriation as you further consider the division report. We look forward to working with you as the report advances.

Thank you.

Sincerely,

Gary Carlson
League of Minnesota Cities

Cap O'Rourke
MN Association of Small Cities

Patricia Nauman
Metro Cities

Bradley Peterson
Coalition of Greater MN Cities