

Association of Metropolitan Municipalities (Metro Cities)
Association of Minnesota Counties (AMC)
Coalition of Greater Minnesota Cities (CGMC)
League of Minnesota Cities (LMC)
Minnesota Association of Small Cities (MAOSC)
Minnesota Inter-County Association (MICA)

February 6, 2023

Members of the House Property Tax Division:

On behalf of our associations representing cities and counties across the state of Minnesota, we write to express our support for HF 1377-Lislegard, that increases the appropriation for county program aid (CPA) by \$150 million and local government aid (LGA) by \$150 million and includes updates to the factors that underpin the LGA program.

County and city aid programs are a fundamental tenet of the state and local fiscal partnership, and a viable partnership must recognize the importance of these aids for local governments. These longstanding aid programs play a crucial role in ensuring that cities and counties across the state are able to provide basic local public services and infrastructure without communities paying inordinately different levels of taxes.

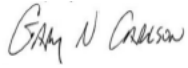
The appropriation increases in HF 1377 reflect the fact that aid distributions remain below 2002 levels and have not adequately adjusted for rising costs for services. Adequacy in aid appropriations serve to restrain property tax increases for residents and businesses and to relieve inflationary pressures on local governments. Cities and counties are under increasing pressures with both rising needs for the services they provide, and rapidly rising costs for providing those services, both of which are putting increasing burdens on property taxpayers.

With respect to the LGA formula, the updated factors in the bill reflect work by the League of Minnesota Cities, Coalition of Greater Minnesota Cities, Metro Cities, and Minnesota Association of Small Cities, along with non-partisan staff and the Department of Revenue, to ensure that the data underpinning the formula is up to date and reflective of current city needs. The formula typically is updated each decade based on current fiscal and demographic data from the US Census, American Community Survey, and local tax bases.

City and county aids are critical to ensuring that local governments across Minnesota are able to provide basic services and infrastructure without over-reliance on the property tax, to fulfill state mandates, and to continue to be effective contributors to the state's well-being and prosperity. The appropriation level, adjustments for inflation, and updates to the LGA program included in the legislation will help to ensure that CPA and LGA are adequate to their important tasks.

Thank you for your consideration.

Sincerely,



Gary Carlson
League of MN Cities



Nathan Jesson
League of MN Cities



Patricia Nauman
Metro Cities



Cap O'Rourke
MN Association of Small Cities



Matt Hilgart
Association of MN Counties



Matt Massman
MN Inter-County Association



Bradley Peterson
Coalition of Greater MN Cities