

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)

March 7, 2023

Dear Chair Rest and Members, Senate Taxes Committee:

On behalf of our associations representing cities and counties across the state of Minnesota, we write to express our support for SF 1828-Klein that increases the appropriation for county program aid (CPA) by \$150 million and local government aid (LGA) by \$150 million and updates factors for 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 aids play a crucial role to ensure cities and counties across the state are able to provide basic public services and infrastructure without communities paying inordinately different levels of taxes.

The appropriation increases in SF 1828 reflect the fact that aid distributions remain below 2002 levels and have not adequately adjusted over time for rising costs and expanding needs. 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 facing increasing needs for services and rapidly rising costs for services, both of which are putting ever higher pressures on the property tax.

The LGA factor updates 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 current and reflective of city needs. The formula typically is updated every decade to reflect updated 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 bill's appropriations, adjustments for inflation, and updates to LGA, will help to ensure that local government aids are adequate to their tasks.

Thank you for your consideration.

Sincerely,



Nathan Jesson
League of MN Cities



Bradley Peterson
Coalition of Greater MN Cities



Patricia Nauman
Metro Cities



Cap O'Rourke
MN Association of Small Cities



Matt Hilgart
Association of MN Counties



Matt Massman
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