



May 7, 2025

Chair Rest, Lead Weber, and Members of the Senate Tax Committee:

On behalf of the Association of Minnesota Counties (AMC), an organization representing all of Minnesota's 87 counties, we write to provide input on the recently released Senate Tax bill proposal, SF 2374 (as amended by the A-4 delete-all amendment).

Of paramount concern is the bill's proposed \$20m reduction to County Program Aid (CPA), a critical aid program to assist counties fulfilling their state-mandated obligations and support services that are provided to millions of Minnesota residents [Article 4, Sec. 7 and 12]. These proposed cuts are even more devastating to counties given other proposals currently being considered within the Senate Human Services Committee. While we recognize those proposed cuts—which amount to over \$100m in cost shifts—are not within the committee's jurisdiction, we would nonetheless call to your attention the impact these shifts would have on property taxpayers and ask Senators to consider the disproportionate impacts to county levies.

As a reminder, counties have limited options and will be faced with either cutting remaining non-mandated services (which is a dwindling list) and/or raising taxes. Depending on the totality of cost shifts and cuts, some counties have estimated double-digit levy increases as a *starting point*—and that is before accounting for wages, inflationary costs, capital investments, or other mandates. Aside from these tax increases, counties also anticipate reductions in service offerings with real impacts on clients, customers, and residents.

In addition to this, we also offer the following **concerns** on the underlying omnibus bill:

- **Removal of Cannabis Aid Account and Aid Program** [Article 10, Sec. 26 and 40].
AMC opposes the removal of the Local Government Cannabis Aid. This aid is important given the new industry responsibilities cities and counties have been tasked with on land use/zoning policies, local business registration, age verification/inspections, public health outreach, and more. Minnesota would stand as an outlier in denying its local government partners a portion of new industry revenue or the ability to implement local sale tax revenue for the above duties. We appreciated the Senate's historic role in enacting this important provision and hope this can be further discussed during conference committee.

AMC **supports** the inclusion of:


- Senator Dibble's amended bill (SF 2199) that would provide Metropolitan counties who have adopted a program to protect farmland or natural areas to, by resolution, authorize the county assessor to consider the impact of conservation easements [Article 2, Sec. 7]. Specifically, we appreciate the author and committee's nuanced discussion of this policy change, and the effort to craft a precise and narrowly tailored approach that does not dilute or disregard the underlying law prohibiting the reduction of land value with easements on it.
- Senator Putnam and Drazkowski's work to address "florticulture" needs in a reasonable way by clarifying definition of 'agricultural land' to include florticulture and making sure that the intensive ag definition is not broadened so much to create significant tax shifts [Article 2, Section 12]. The combination of subtly expanding intensive agriculture to 15 acres or less AND requiring a Schedule F with income over \$20K is

reasonable accommodation. AMC appreciates the work of the authors, stakeholders, and Senate Counsel.

- Senator Rest's language regarding *Alliance v. Hennepin County* [Article 2, Sec. 17]. While AMC would have appreciated Senator Rest's inclusion of her original bill language, we do appreciate the time the committee held to discuss this matter and to hear universal support in clarifying assessors should not be responsible for delivering personal property tax statements to low-income tenants. AMC would further support minimizing property tax shifts while still making sure they are eligible for the newly reduced 4d(1) rate which Senator Rest worked hard on in 2023.
- Senator Rest's Local Sales Tax reform and authorization language which includes county public safety infrastructure [Article 5]. Counties would still argue that mandated projects such as DOC-ordered jail improvements be allowed space on the ballot to accurately educate voters that the costs will be borne by either property taxes or sales taxes AND to remove the requirement of resolutions of support from surrounding communities as these facilities are already inherently regional in nature and mandated public safety infrastructure. We appreciated Chair Rest's dedication to solving this issue and willingness to consider input over the course of several months' worth of meetings.
- The Senate's proposed repeal of the Local Homeless Prevention Aid sunset [Article 4, Sec. 15]. We appreciate the Chair's inclusion of a repeal of the Local Homeless Prevention Aid expiration date of 2028. This program supports youth and family homelessness across the State and has tangible outcomes in reducing homelessness everywhere from Mower and St. Louis counties to Hennepin and Hubbard. These funds target homeless youth—who by no fault of their own—do not have secure housing and may not be served by other state programming. We appreciate the Legislature's support of this work and their purposeful program flexibility that allows quick and meaningful action.
- Lastly, we've appreciated the Senate's history of protecting and preserving tax base by limiting the amount of tax shifts, rate reductions, and exclusions—all of which pay for new tax benefits by *shifting the real costs* to other property taxpayers. We would respectfully urge caution on eroding the tax base further, particularly given the property tax increases/concerns counties have identified this session. As legislators in this committee have thoughtfully pointed out multiple times throughout session, creating a smaller tax base further compounds burden on those remaining and can unintentionally create winners and losers.

We stand ready to work with Chair Rest, Lead Weber, and members of the Tax Committee as we progress through the final weeks of session.

Sincerely,

A handwritten signature in black ink, appearing to read "Matt Hilgart", with a stylized, flowing script.

Matt Hilgart
Association of Minnesota Counties (AMC)