



2020 CGMC Policy Positions: Property Taxes, LGA and State Government Finance

1. Local Government Aid funding

In 2020, the governor and legislature should restore the annual inflation and population growth adjustment to the LGA appropriation. The amount necessary to fully fund the needs identified by the LGA formula (\$807,722,040 under current data) should be a long-term annual funding goal by state policymakers. Furthermore, property tax relief should favor LGA above other property tax relief programs.

2. Local Government Aid Formula

Any changes in the LGA formula should be agreed upon by all city organizations before passage in the legislature, and to the greatest extent possible:

- Be based on a city's tax base and need
- Include no separate pots based on geographic location or population
- Reduce property tax rate disparities among Minnesota cities
- Reduce yearly fluctuations in aid
- Be intuitive and rational

CGMC opposes artificial, non-formula limits on aid for individual cities or group of cities. Additionally, the CGMC opposes using LGA as a tool to coerce or influence cities on policy decisions that the Legislature does not agree with.

3. Homestead Credit Refund

CGMC opposes changes to the Homestead Credit Refund that would increase the cost of the program into future years.

4. State Budget

CGMC supports measures that will preserve Minnesota's long-term fiscal stability and create transparency in state budgeting. This includes:

- A balanced budget with limited reliance on one-time money, limited payment shifts, long-term balance and use of both spending reductions and revenue increases in times of deficits
- Continued increases in the budget reserve until it reaches 4.9% of biennial general fund revenue as recommended by Minnesota Management and Budget
- Protecting the budget reserve from being used for anything other than emergency spending in response to budget deficits
- Inclusion of inflation in the November and February spending forecasts so the cost of government is accurately reflected
- Protecting local government budgets by reforming the unallotment statute so that it serves the limited purpose of addressing unforeseen budget deficits that arise when the legislature is not in session

5. State Commercial Industrial Property Tax

The state commercial / industrial property tax should continue to collect enough revenues to meet state obligations.



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6. Levy Limits

Levy limits should not be reinstated in any form.

7. Local Option Sales Tax

LGA should not be offset by a local option sales tax imposed by a city.

8. Unfunded Mandates

CGMC supports reviewing and modifying or repealing existing unfunded mandates in collaboration with the League of Minnesota Cities. No additional mandates should be enacted unless the legislature or agency imposing the requirements provides a permanent stable revenue source for the mandate.

9. Constitutional Amendments

The CGMC supports increasing the votes needed to place an amendment to the Minnesota State Constitution on the ballot to at least 60% of each legislative body.

10. Special Service Taxing Districts

CGMC supports city authority to establish special service districts. The current 2028 sunset of a city's ability to establish a district by ordinance instead of needing special legislation, should be repealed.

11. Local Government Sales Tax Exemption

CGMC supports initiatives to further clarify and reduce cities' state sales tax burden, make the sales tax exemption administratively convenient for cities and their vendors, treat purchases by all types of local governments the same, and exclude from sales tax all purchases that would otherwise be subject to the Motor Vehicle Sales Tax.

12. Local Impact Fees

CGMC supports legislative authorization for cities to impose local impact fees on new development to ensure that the costs of both on-site and off-site public infrastructure that support the new development are shared by all of the beneficiaries of public infrastructure investments.

13. "Dark Store" Valuation

CGMC opposes valuation methods for "big box" stores that unfairly use comparable property valuations of "functionally obsolete" properties. Moreover, consistency in valuations should be assumed between broadly-defined "big box" stores.

14. Municipal Liquor Stores

CGMC opposes efforts to restrict local control of municipal liquor stores and liquor licensing authority. Municipal liquor stores play a key role in city finances, have safeguards in place to protect tax payers, and serve as a liquor control tool for local communities.



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15. PERA Aid

CGMC supports efforts to extend the Public Employee Retirement Association (PERA) aid program past FY2020 and any measures that ensure the program accurately reflects the costs of providing defined-benefit pension plans to city employees. Unlike salary and other employee benefits, the state legislature, not individual cities, establishes benefit levels and contribution amounts for PERA retirement plans.