

Oppose the Authorization of MUNICIPAL STREET IMPROVEMENT DISTRICTS

House File 3256/Article 2

Building Owners and Managers Association of St. Paul

Care Providers of Minnesota

Greater Minneapolis Building Owners & Managers Association

Hospitality Minnesota

Housing First

LeadingAge Minnesota

Jewish Community Relations Council – Minnesota and the Dakotas

Minnesota Association of Realtors

Minnesota Auto Dealers Association

Minnesota Bankers Association

Minnesota Beverage Association

Minnesota Business Partnership

Minnesota Catholic Conference

Minnesota Chamber of Commerce

Minnesota Council of Nonprofits

Minnesota Funeral Directors Association

Minnesota Grocers Association

Minnesota Hospital Association

Marine Retailers Association of the Americas

Minnesota Multi-Housing Association

Minnesota Petroleum Marketers Association

Minnesota Private College Council

Minnesota Retailers Association

Minnesota Service Station Association

Minnesota Shopping Center Association

Minnesota State Alliance of YMCAs

Minnesota Trucking Association

NAIOP: Commercial Real Estate Development Association

National Federation of Independent Business

National Marine Manufacturers Association

Pioneer Equipment Dealers Association

What the Proposal Does:

The proposed Municipal Street Improvement District provision provides broad authority to cities to impose a yet-to-be determined tax on property owners.

It allows *city councils* to impose an additional property tax.

Why We Oppose It:

This legislation creates an end-run around requirements imposed on cities under the special assessment laws designed to protect property tax payers.

Under the proposal, there is no need for the city to prove benefit to an affected property to justify imposing a new fee.

Cities are free to draw the taxing district in any shape, allowing them to impose the tax only on certain properties.

The mechanism for apportioning fees to parcels is based on a ambiguously-defined trip generation tool. The fees generated can be used to pay for improvements, such as sewers and trails, that have nothing to do with traffic counts.

Another taxing mechanism for cities is NOT NECESSARY. Cities already have numerous tools for financing transportation improvements, including:

- General Property Tax Revenue
- Special Assessments
- State Transportation Aid
- Special Service Districts
- Tax Increment Financing
- Property Tax Abatement
- Local Option Sales Tax

Fees levied in Municipal Street Improvement Districts do not sunset after a particular project has been paid for. Rather, once imposed, the fees can be collected from property owners for up to 20 years.

Furthermore, in 2016, the MN Supreme Court found a similar plan in St. Paul to be a function of the city's taxing authority and therefore UNCONSTITUTIONAL when applied to tax-exempt properties.

The Municipal Street Improvement District has been introduced and ***rejected 9 times in the last 11 biennia*** because legislators have BIPARTISANLY and CONSISTENTLY recognized that it is bad public policy that is wrong for Minnesota property owners!