

March 24, 2023

| | Yes | No |
|---|------------|-----------|
| DOR Administrative Costs/Savings | | X |

Department of Revenue
Analysis of H.F. 2449 (Hollins) / S.F. 2366 (Pappas)

The city of St. Paul has imposed a sales tax of 0.5% since 1993 and a use tax since 2000 of 0.5%. The city of St. Paul also has a lodging tax for less than 50 rooms of 3% since 2004 and a lodging tax for greater than 50 rooms of 6% from 2004 to 2019, then it was increased to 7% in 2019.

The bill authorizes the city of St. Paul, if approved by the voters at a general election, to impose a sales and use tax of 1%.

The proceeds would be used to finance \$738 million of street improvements and \$246 million of capital improvements to St. Paul parks and recreation facilities. The bill also authorizes the city to issue up to \$984 million worth of bonds.

The tax would terminate at the earlier of twenty years after the tax is first imposed or when the city council determines the revenues received from the tax are sufficient to pay for the costs of the projects listed above. The tax could expire earlier if the city so determines by ordinance.

The bill would have no impact on state taxes.

Source: Minnesota Department of Revenue
Tax Research Division
<https://www.revenue.state.mn.us/revenue-analyses>

hf2449(sf2366) St. Paul Local Sales Tax_1 / trc