

April 26, 2023

Chair Rest and members of the Tax Committee:

On behalf of the St. Paul Area Chamber and our 1,700 members and affiliates, I'd like to express our disappointment with the omnibus tax bill's inclusion of the City of St. Paul's local sales tax increase.

As I expressed when the bill was before the committee, we fully agree that our City's streets are in disrepair and need to be fixed. And we also recognize that the City faces challenges with its property tax base.

However, we can't ignore that many of these challenges are self-imposed. Earlier this week, it was reported by HUD data that multi-family housing building permits plummeted by 48% in 2022 over 2021, after the City enacted its rent control ordinance. We are concerned that rather than taking action to address the underlying issue-- lack of development and expansion of taxable properties-- the City seeks to impose a regressive sales tax that will make doing business in St. Paul more expensive for residents and businesses alike.

Secondly, we can't look at the St. Paul sales tax proposal in a vacuum. There are other metropolitan area sales tax proposals moving through the legislature. If both transit and housing sales taxes are enacted at their highest level, and St. Paul's local tax was approved, that amounts to a two percent sales tax increase to St. Paul residents and businesses, bringing our rate 9.875% and making us a regional outlier and highest in the state.

Finally, as the committee pointed out at the previous hearing, the St. Paul proposal is an exception to statute, using sales tax revenues to fund operational needs rather than specific projects.

I also want to briefly note that we were strongly supportive of Sen. Klein's LGA proposal, and we hope that as the tax bill reaches its final stages, that additional funding can be dedicated to this important program.

Thank you,

Amanda Duerr, Vice President of Public Affairs  
St. Paul Area Chamber

