



May 7, 2025

The Honorable Ann Rest  
Chair, Senate Taxes Committee  
328 State Capitol  
Saint Paul, MN 55155

Dear Chair Rest and Members of the Senate Taxes Committee:

I appreciate the opportunity to share comments on the DE amendment to SF 2734 on behalf of the City of Saint Paul.

Thank you for including the 5-year extension to the **Ford Redevelopment (also known as Highland Bridge) TIF district** in article 6, section 5 of the DE amendment. The city has partnered with community members to plan a vibrant urban village at the former site of the Ford Motors plant including housing, retail, and green space in this new mixed-use neighborhood. The Highland Bridge TIF district is a key tool to ensuring that vision is fully realized.

The **proposed cuts to Local Government Aid (LGA)** would create significant budget challenges for the City of Saint Paul. This proposed reduction to LGA comes at a time when Saint Paul and cities across the state are dealing with a range of devastating economic conditions, including declining commercial and industrial tax base, wage growth to recruit crucial staff, inflationary pressures from tariffs, and cuts to federal funding. LGA cuts will require Saint Paul to further cut services or increase property taxes which will disproportionately impact residential properties. The proposed 3.1% cut to Saint Paul's share of LGA would result in a 1.1% increase on the city's property tax levy to maintain services at current levels.

The City of Saint Paul opposes the **extension of the local sales tax moratorium** on local governments in article 3, section 8. The moratorium inhibits the City's ability to raise revenue in the face of cuts at state and federal levels

In 2024, the City of Saint Paul collected \$21.3 million from the half-cent local option sales tax. If the City's bill to extend the half-cent sales tax is under review and delayed until March 15, 2026, the City would need to allocate 8% of the revenue (roughly \$1.7 million annually) to qualified recipients upon passage. The proposed local sales tax reform would add undue complexity and duress to an already complicated Arena finance plan and place even more financial burden on Saint Paul residents and businesses.

The City of Saint Paul opposes elimination of **Local Cannabis Aid** in article 10, section 23. Under state law, the City's Department of Safety and Inspections is required to do significant work to

license, inspect, and do state and local code enforcement of cannabis retailers. Elimination of this aid source just as the cannabis retailers are about to come online will put additional strain on the city's diminishing resources.

It is disappointing that the DE did not include Saint Paul's **redevelopment TIF proposal or the CUB tax credit**. The City of Saint Paul, like cities around the nation, is facing significant challenges to revitalize our downtown core in the wake of the COVID-19 pandemic and the change in how people work. Our ability to renovate the city-owned Xcel Energy Center Arena and support the redevelopment of underutilized and vacant downtown buildings into new uses including housing would be significant investments that would rethink downtown for the future and shore up the declining commercial property tax base.

Thank you for the thoughtfulness and time that went into developing this bill. We appreciate the significant challenges this committee faces and are ready to be partners with you all in the work ahead.

Sincerely,

A handwritten signature in blue ink that reads "Brynn Hausz". The signature is written in a cursive, flowing style.

Brynn Hausz  
Intergovernmental Relations Director, City of Saint Paul