

July 17, 2023

St. Paul City Council  
15 Kellogg Blvd. West 310 City Hall  
Saint Paul, MN 55102

Dear Councilmembers,

The Proposed Sales Tax Ballot Language ([RES 23-1073](#)) is worded to influence a voter's decision. The Yes/No language essentially asks voters to choose between a sales tax increase and a property tax increase.

Question Language: Should the City of Saint Paul establish a one percent (1%) sales and use tax over the next 20 years to generate \$738,000,000 to repair and improve streets and bridges, \$246,000,000 to improve parks and recreation facilities, and associated bonding costs?

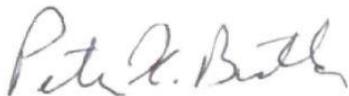
A vote YES means that these costs would be funded through the new one percent (1%) sales and use tax. A vote NO means that the majority of these costs would be funded by other local revenue sources, primarily from increased property taxes.

Current and future elected officials have alternatives to increasing property taxes if the referendum is unsuccessful:

1. The projects are not undertaken or reduced in size or number.
2. Municipal State Aid, Federal Bridge Funds and State Bonding are used.
3. Spending is shifted from other City programs.

The proposed language will bias voters towards approving the sales tax in conjunction with the City's narrative that visitors and non-residents will pay the tax, not residents.

Sincerely,



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Delivered to [Contact-Council@ci.stpaul.mn.us](mailto:Contact-Council@ci.stpaul.mn.us)

## Frequently Asked Questions

### Why are you proposing a sales tax instead of another property tax?

Funding the projects with a local sales tax will more closely distribute the costs of the projects to the users of the facilities, including people who work but do not live in Saint Paul, visitors who use lodging, attend events, conventions, and conferences, and patronize Saint Paul's many dining and beverage establishments.

A property tax would be much more regressive. Raising the equivalent amount of revenue via property taxes would require a 20% increase in the property tax levy, resulting in a \$304 increase for a median value home. The owners of a median value home in Saint Paul would need to purchase more than \$30,000 of taxable goods to experience the same annual tax impact through a sales tax.