



STPAUL.GOV

CITY OF SAINT PAUL

2023 PROPOSED STAR BUDGET

Presentation to the St. Paul City Council

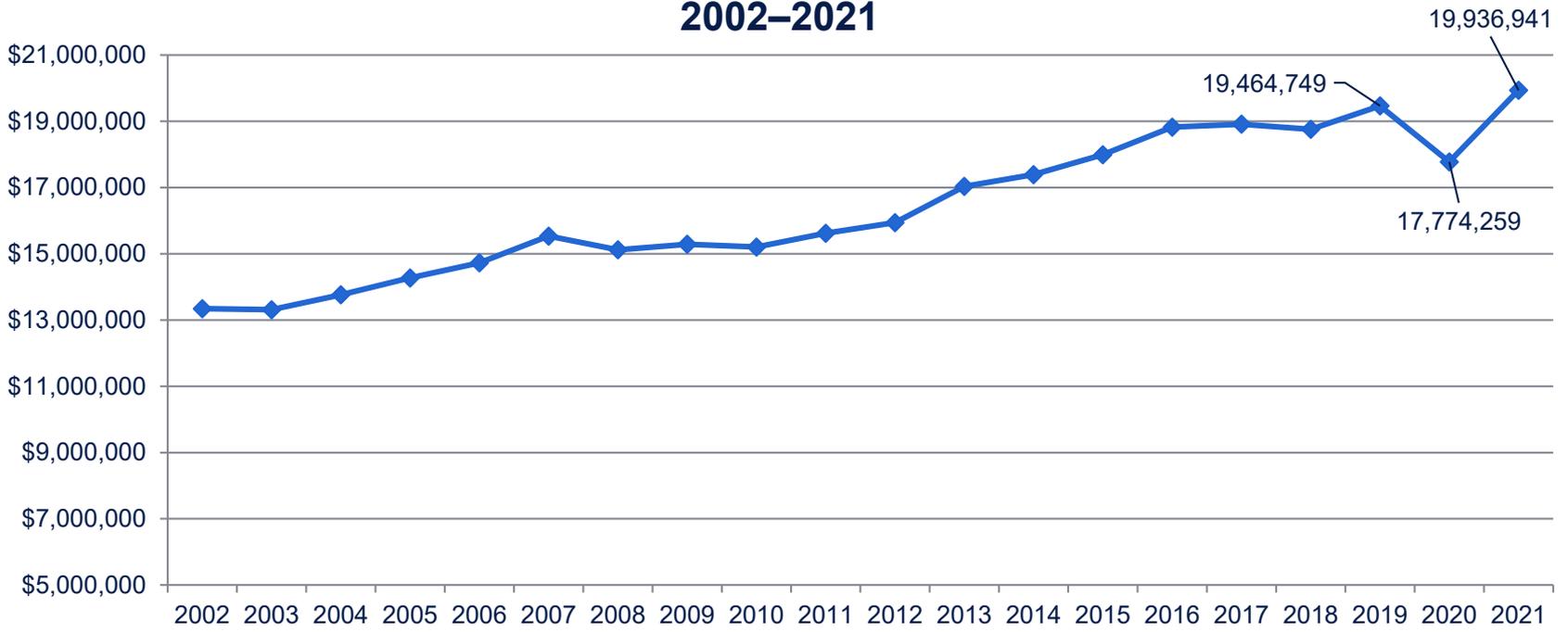


St. Paul's Sales Tax

- Local option ½ cent sales tax in Saint Paul – began in 1993
 - Amended 6 times
 - 1997, 1998, 2003, 2005, 2009, and 2013
- 2013 (Current Law)
 - Taxing Authority expires in 2042
 - 40% used for RiverCentre or Economic Development
 - 60% STAR Programs
 - Neighborhood STAR – Capital projects
 - Cultural STAR - Capital projects and Operating Support



Saint Paul Net Sales and Use Tax Revenues 2002–2021





2022 Sales Tax Revenue

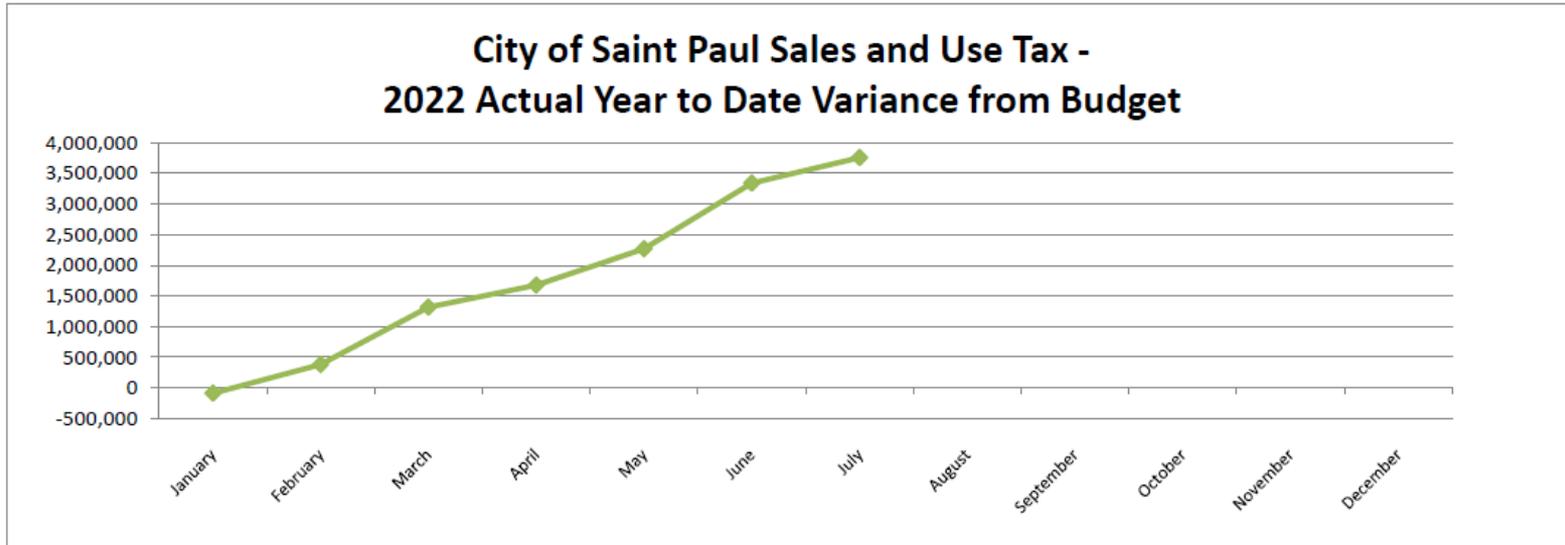
- July 2022 year to date revenues show a positive variance of 36.98%

Month	Net Sales Tax Received					2022		Variance from Budget	
	2017	2018	2019	2020	2021	Budget	Actual	By Month	Year to Date
January	1,724,892	1,711,904	1,794,923	1,808,306	2,005,992	1,764,326	1,674,065	-5.12%	-5.12%
February	1,369,929	1,433,342	1,544,990	1,456,726	1,278,408	1,358,872	1,829,486	34.63%	12.18%
March	1,403,979	1,490,512	1,396,722	1,472,375	1,553,641	1,333,899	2,269,368	70.13%	29.52%
April	1,614,748	1,640,203	1,553,060	1,453,403	1,491,332	1,501,920	1,861,993	23.97%	28.12%
May	1,555,989	1,325,526	1,705,484	1,202,379	1,231,309	1,310,950	1,903,760	45.22%	31.21%
June	1,469,843	1,520,196	1,633,347	1,341,701	1,589,610	1,410,334	2,479,145	75.78%	38.45%
July	1,500,226	1,517,628	1,557,315	1,406,247	1,902,861	1,474,986	1,893,079	28.35%	36.98%
August	1,747,931	1,416,622	1,589,711	1,474,498	1,917,334	1,567,289			
September	1,712,754	1,563,336	1,679,325	1,418,795	1,729,746	1,529,756			
October	1,666,008	1,661,423	1,625,795	1,523,102	1,748,178	1,590,404			
November	1,524,045	1,791,376	1,813,809	1,807,803	1,487,015	1,634,487			
December	1,620,938	1,685,656	1,570,266	1,408,924	2,001,517	1,522,778			
Total Receipt	18,911,280	18,757,724	19,464,749	17,774,259	19,936,941		13,910,895		77.28%
Adopted Budget	17,750,000	18,000,000	18,750,000	18,750,000	16,875,000	18,000,000			
Budget Variance	1,161,280	757,724	714,749	-975,741	3,061,941		3,755,609		
Actuals vs. Prior Year (\$)	87,970	-153,557	553,468	-1,690,490	2,162,682				
Actuals vs. Prior Year (%)	0.47%	-0.82%	2.84%	-9.51%	10.85%				



2022 Sales Tax Revenue Cont.

- Collections through July 2022 are \$3,755,609 (36.98%) above budget
- 2022 collections through July are \$2,857,743 (25.85%) more than same period in 2021





Sales Tax Rate Analysis

	St. Paul	Duluth	Bloomington	Minneapolis	Rochester
Sales and Use Tax - State	6.875%	6.875%	6.875%	6.875%	6.875%
Liquor - State Gross Receipts Tax	2.50%	2.50%	2.50%	2.50%	2.50%
Sales and Use Tax- County	-	-	0.15%	0.15%	-
Transit Sales and Use Tax- County	0.50%	0.50%	0.50%	0.50%	0.50%
Sales and Use Tax - Local Jurisdiction	0.50%	1.50%	-	0.50%	0.75%
Downtown Area Tax (Restaurants & Liquor)	-	-	-	3.00%	-
Food and Beverage	-	2.25%	-	-	-
Liquor tax - local jurisdiction	-	-	3.00%	-	-
Lodging Tax (more than 30 rooms in Duluth, 50 in St. Paul)	7.00%	5.50%	7.00%	3.00%	7.00%
Lodging Tax (less than 30 rooms in Duluth, 50 in St. Paul)	3.00%	3.00%	7.00%		7.00%
Admission/Entertainment Tax	-	-	3.00%	3.00%	-

Total Sales	7.875%	8.875%	7.525%	8.025%	8.125%
Total Lodging	14.875%	14.375%	14.525%	14.025%	15.125%
Total Downtown Restaurant	7.875%	11.125%	7.525%	11.025%	8.125%
Total Downtown w/ Liquor	10.375%	13.625%	13.025%	13.525%	10.625%
Minimum Rate	7.875%	8.875%	7.525%	8.025%	8.125%
Max Rate	14.875%	14.375%	14.525%	14.025%	15.125%



2022 Adopted STAR Budget

Line #		Neighborhood STAR Budget	Cultural STAR Budget	RiverCentre Budget	Economic Development Budget	Totals Budget
1	2022 Sales Tax Revenue Base	\$9,144,908	\$1,800,000	\$1,914,532	\$5,140,560	\$18,000,000
2	Sales Tax Above 2021 Budget	\$661,273	\$138,727	\$187,272	\$400,000	\$1,387,272
3	Loan Repayments	\$494,523	\$0	\$0	\$145,248	\$639,771
4	Interest Earnings - Sales Tax Revenue	\$0	\$0	\$0	\$0	\$0
5	Interest Earnings - Debt Service Reserve	\$0	\$0	\$0	\$0	\$0
6	STAR Subtotal:	\$10,300,704	\$1,938,727	\$2,101,804	\$5,685,808	\$20,027,043
2021 SALES TAX SPENDING						
		Neighborhood STAR Budget	Cultural STAR Budget	RiverCentre Budget	Economic Development Budget	Totals Budget
7	Pledged Debt Service					
7	2014 Economic Development Bond Debt Service				\$2,497,081	\$2,497,081
8	2019 Refinanced Bonds Debt Service	\$2,960,162				\$2,960,162
9	RiverCentre Complex Debt Service			\$784,259		\$784,259
10	STAR Subtotal:	\$2,960,162	\$0	\$784,259	\$2,497,081	\$6,241,502
11	Neighborhood STAR program	\$1,539,269				\$1,539,269
12	Investment Services	\$15,000				\$15,000
13	City Council Neighborhood Investment Fund	\$761,273			\$838,727	\$1,600,000
14	Transfer to General Debt Service Budget	\$3,500,000				\$3,500,000
15	Debt Service for City Capital Fleet	\$1,525,000				\$1,525,000
16	Cultural STAR Program		\$1,475,000			\$1,475,000
17	Cultural STAR for Library Materials		\$175,000			\$175,000
18	Events for Neighborhood Cultural Orgs in Downtown		\$100,000			\$100,000
19	Additional Cutlural STAR		\$188,727			\$188,727
20	RCVA Pay-go Funding			\$1,219,000		\$1,219,000
21	Additional RCVA Capital Funding			\$98,545		\$98,545
22	City Capital Projects				\$200,000	\$200,000
23	Pay-go Economic Development for RCVA				\$750,000	\$750,000
24	Housing Trust Fund				\$1,400,000	\$1,400,000
25	STAR Subtotal:	\$7,340,542	\$1,938,727	\$1,317,545	\$3,188,727	\$13,785,541
26	STAR Total:	\$10,300,704	\$1,938,727	\$2,101,804	\$5,685,808	\$20,027,043



2023 Proposed STAR Budget

Line #		<u>Neighborhood STAR</u> Budget	<u>Cultural STAR</u> Budget	<u>RiverCentre</u> Budget	<u>Economic Development</u> Budget	<u>Totals</u> Budget
1	2023 Sales Tax Revenue Base	\$9,317,463	\$1,035,274	\$2,485,568	\$6,161,695	\$19,000,000
2	Sales Tax Above 2022 Budget	\$900,000	\$100,000	\$0	\$0	\$1,000,000
3	Sales Tax Above 2021 Budget	\$1,405,747	\$156,194	\$0	\$0	\$1,561,941
4	Loan Repayments	\$404,672	\$0	\$0	\$186,360	\$591,032
5	Interest Earnings - Sales Tax Revenue	\$150,000	\$0	\$0	\$0	\$150,000
6	Interest Earnings - Debt Service Reserve	\$33,000	\$0	\$78,000	\$0	\$111,000
7	STAR Subtotal:	\$12,210,882	\$1,291,468	\$2,563,568	\$6,348,055	\$22,413,973

2021 SALES TAX SPENDING

	<u>Neighborhood STAR</u> Budget	<u>Cultural STAR</u> Budget	<u>RiverCentre</u> Budget	<u>Economic Development</u> Budget	<u>Totals</u> Budget
Pledged Debt Service					
8	2014 Economic Development Bond Debt Service			\$2,498,055	\$2,498,055
9	2019 Refinanced Bonds Debt Service	\$2,932,875			\$2,932,875
10	2023 Debt Service (NECC)	\$1,000,000			\$1,000,000
11	RiverCentre Complex Debt Service		\$796,023		\$796,023
12	STAR Subtotal:	\$3,932,875	\$0	\$796,023	\$2,498,055
13	Neighborhood STAR program	\$2,438,007			\$2,438,007
14	Investment Services	\$15,000			\$15,000
15	Year Round STAR	\$800,000		\$0	\$800,000
16	Transfer to General Debt Service Budget	\$3,500,000			\$3,500,000
17	Debt Service for City Capital Fleet	\$1,525,000			\$1,525,000
18	Cultural STAR Program		\$1,116,468		\$1,116,468
19	Cultural STAR for Library Materials		\$175,000		\$175,000
20	RCVA Pay-go Funding			\$1,219,000	\$1,219,000
21	Replace RCVA Capital Funding			\$548,545	\$548,545
22	City Capital Projects			\$1,700,000	\$1,700,000
23	Pay-go Economic Development for RCVA			\$750,000	\$750,000
24	Housing Trust Fund			\$1,400,000	\$1,400,000
25	STAR Subtotal:	\$8,278,007	\$1,291,468	\$1,767,545	\$3,850,000
26	STAR Total:	\$12,210,882	\$1,291,468	\$2,563,568	\$6,348,055



2023 Proposed STAR Budget - Revenue

- \$1 million (5.6%) increase of 2023 sales tax base revenue
- \$48,739 decrease to loan repayments
- Increased interest earnings

Takeaways

- 2023 sales tax budget is at a historic high
- Recent collections have been up in large part due to inflation



Source: Bloomberg, as of May 2022.



2023 Proposed STAR Budget - Expenditures

Sales Tax Debt

- Proposed New Issuance – 2023 Debt Service (NECC and Fire Station 7)
- 2019A RiverCentre Complex Debt Service (Arena Bonds)
- 2019B/C Refinanced Bond Debt Service (ISP and Parking Ramp)
- 2014 Economic Development Bond Debt Service (8-80 Bonds)

Takeaways

- Housing Trust Fund 5th year financing
- \$1,500,000 increase support for eligible city capital expenditures
- \$800,000 budgeted for year-round STAR
- \$647,259 decrease to Cultural STAR programs
- \$898,738 increase to Neighborhood STAR programs



2023 Sales Tax Revenue Bonds

- St. Paul sales tax law sunsets December 31, 2042
- Series 2014G and Series 2019A/B/C are callable August 1, 2024
- Additional sales tax revenue bond capacity
 - Sales tax bonds may be issued if it is first determined that 20 percent of the revenues derived from the tax authorized together with other revenues pledged to payment of the bonds is expected to exceed the annual debt service on the bonds, per issuance

Sales Tax Revenue Bonds, Series 2023

North End Community Center	\$18,055,000
Fire Station 7	\$8,000,000

QUESTIONS

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