



## Legislation Text

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**File #:** RES 20-240, **Version:** 1

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Committing the City to exploring a new local option sales tax to fund critical investments in the future of Saint Paul and the region over the next 25 years.

WHEREAS Saint Paul, as our Capital City, is a regional and statewide cultural, economic and governmental center that serves millions of residents, employees and visitors each year; and

WHEREAS Saint Paul's ability to support the regional economy is constrained by its need for critical investments in infrastructure and human capital; and

WHEREAS cities in Minnesota are severely limited by state law in their options to raise money, with property taxes being their primary funding source; and

WHEREAS Saint Paul's residents have experienced levy increases for nine of the last eleven years; and

WHEREAS while these levy increases have been necessary, changes in property values have resulted in property tax increases that have disproportionately impacted low-income neighborhoods; and

WHEREAS local option sales taxes have been determined to be appropriate tools for cities to do work of regional significance that is beyond the capacity of their general funds; and

WHEREAS sales taxes can be made more progressive by using the revenue for programs that disproportionately benefit those with lower incomes; and

WHEREAS a sales tax of one penny on every dollar would generate approximately \$36 million dollars a year and enable transformative investments in our Capital City, provide a lasting legacy for our residents, visitors and workers, and allow Saint Paul to fulfill its potential as a regional economic engine; and

WHEREAS Saint Paul's streets are traveled by millions of commuters and visitors each year, including four million annually to the State Fair and Como Zoo, over one and a half million to the Xcel Energy Center, and several hundred thousand to the State Capitol, in addition to the countless regional visitors to our highly rated restaurants, breweries, museums and theaters; and

WHEREAS without additional investment, in 20 years, 35% of Saint Paul's arterial streets will reach poor condition and 80% of residential streets will be in poor, very poor, serious or failed condition, which will negatively impact regional commerce; and

WHEREAS investments in complete streets will improve our regional connectivity, make our roadways safer for residents and visitors alike, and enhance access to transit options; and

WHEREAS Saint Paul has invested heavily in addressing the region's affordable housing and homelessness crisis and is positioned to be a stronger player as the region grapples with these challenges; and

WHEREAS on July 18, 2018 the Saint Paul City Council passed RES 15-1204 calling for immediate action to create and preserve housing that is affordable at all income levels, address racial, social and economic disparities in housing, and create infrastructure needs to stabilize housing for all in Saint Paul; and

WHEREAS Saint Paul Public Schools reported that 1,972 children experienced the trauma of homelessness during the 2018-2019 school year, demonstrating the unacceptability and depth of the affordable housing crisis in Saint Paul; and

WHEREAS with additional and focused investment, Saint Paul can produce and preserve affordable housing to accommodate our region's rapid population growth, meet the need for deep affordability, and continue to be a major driver of the state's economy; and

WHEREAS one in three of Saint Paul's 3 and 4-year-olds live below the federal poverty line and early childhood education is cost-prohibitive for even middle-class families; and

WHEREAS investments in quality early learning programs have been proven to yield as much as an 18% return on investment and to improve children's long-term health, graduation rates and economic stability; and

WHEREAS a sales tax would allow Saint Paul to create a unique-in-the-region early childhood education initiative for 3 and 4-year-olds that would attract new companies and residents; and

WHEREAS state law requires cities to first secure legislative authorization for a general sales tax and then to reach out to voters through a local referendum;

NOW THEREFORE BE IT RESOLVED that the City Council believes the City should explore a sales tax to fund these critical and transformational projects; and

BE IT FURTHER RESOLVED that the City Council calls on Mayor Carter to hire a legislative consultant to monitor sales tax hearings this Legislative session, discuss the initiatives above with key legislators and community stakeholders, and report to the Council by May 31<sup>st</sup>, 2020 with their findings and recommendations on whether and how to move forward a sales tax bill.