

Sustainable Funding for St. Paul

St. Paul City Council

August 13, 2025



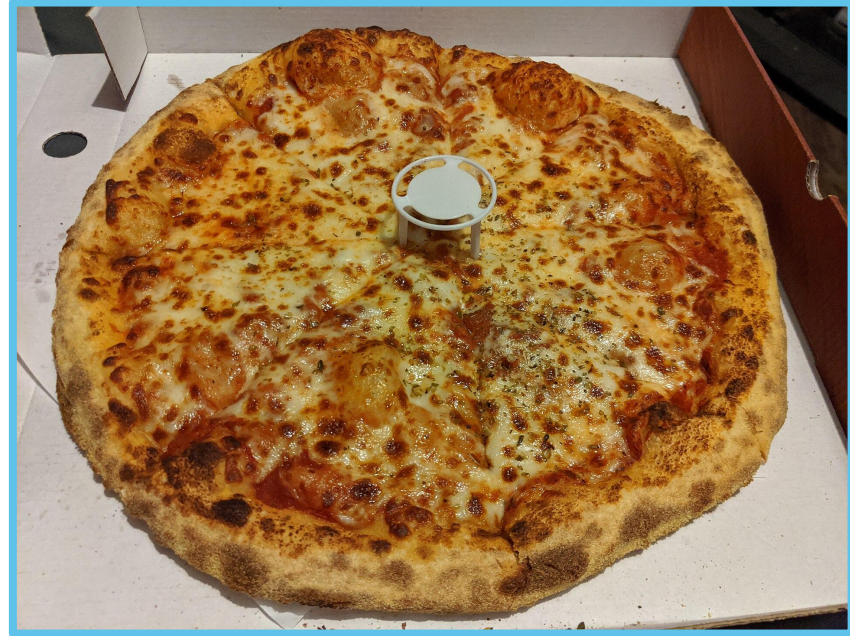


100%



THE VOICE FOR PROFESSIONAL
EDUCATORS AND STUDENTS

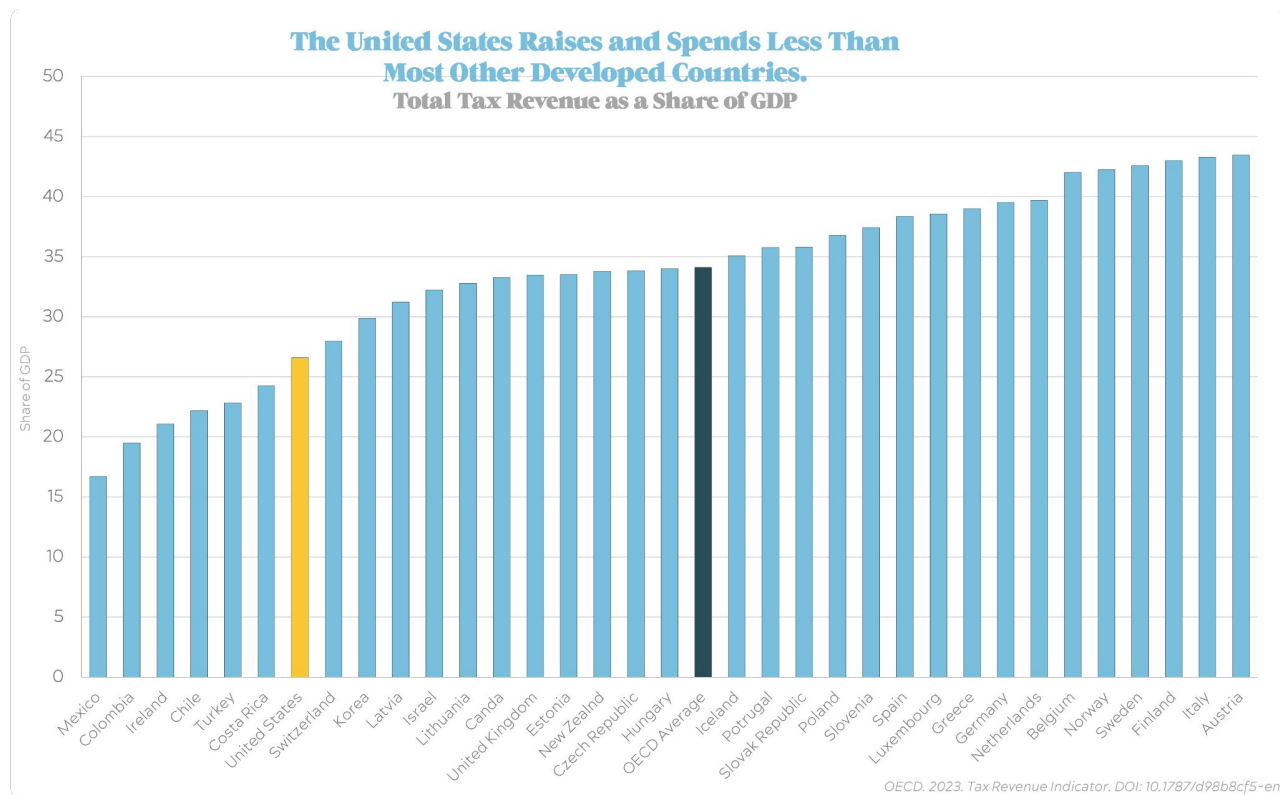
Don't fight over what we have, work for what we need



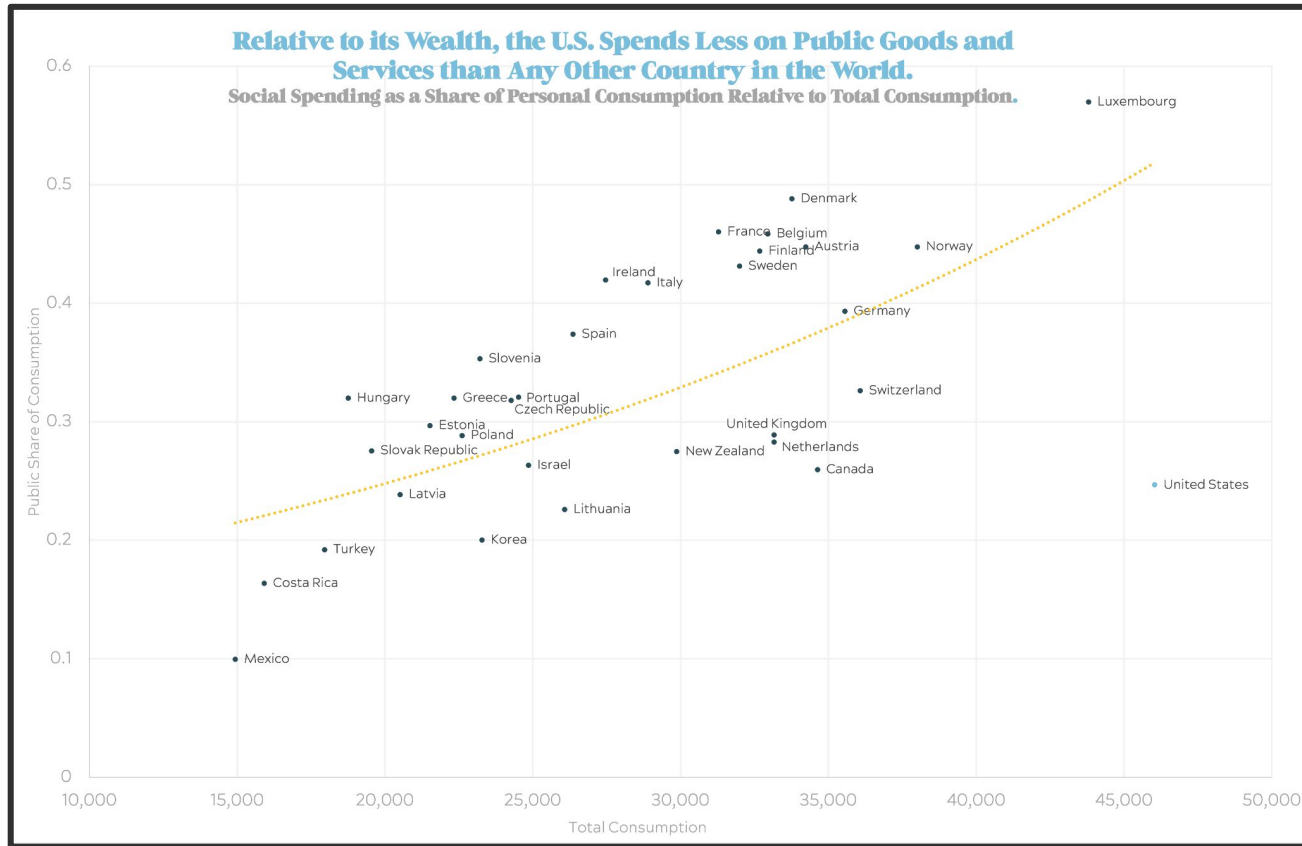
Taxes and Public Investment: Global Snapshot



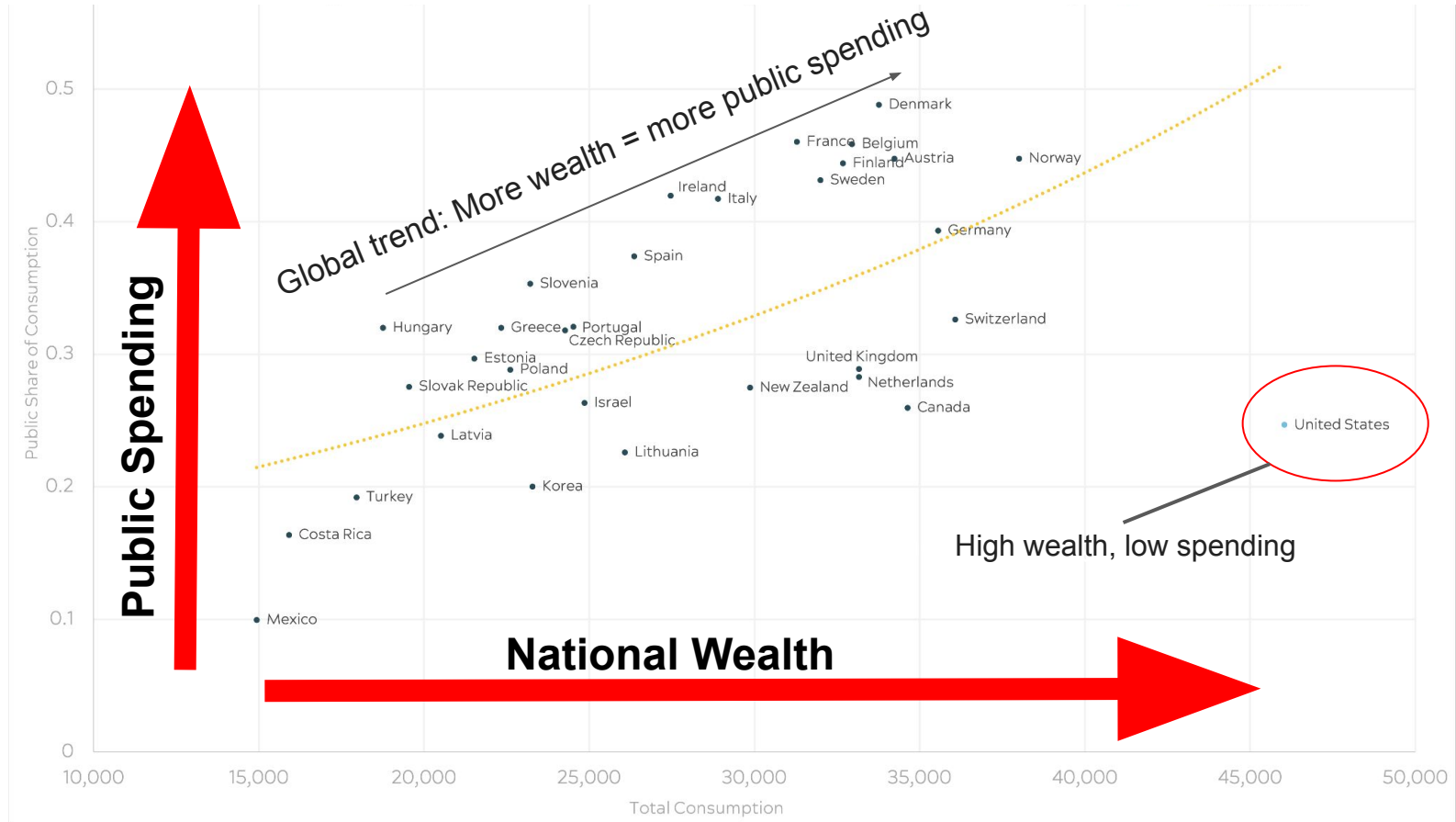
America Spends Less on the Public Good...



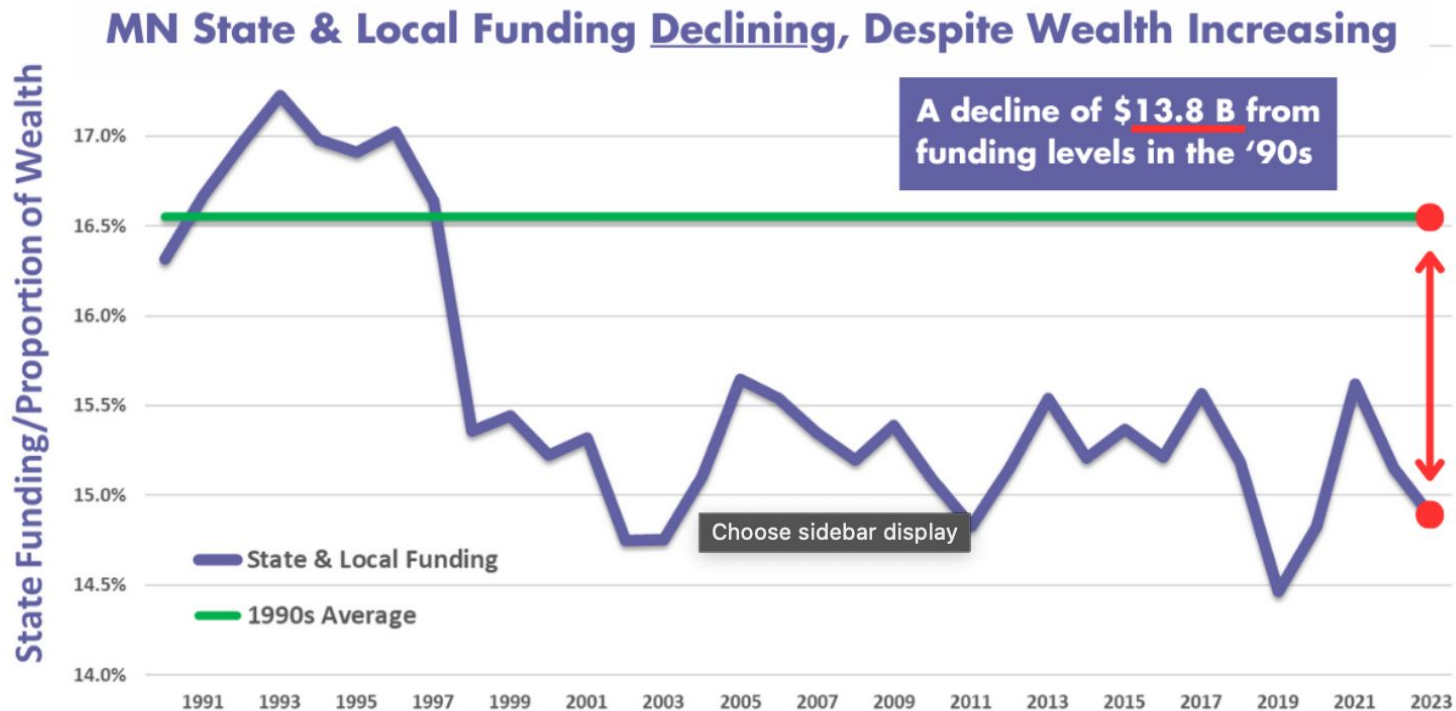
...Especially Compared to Our Wealth



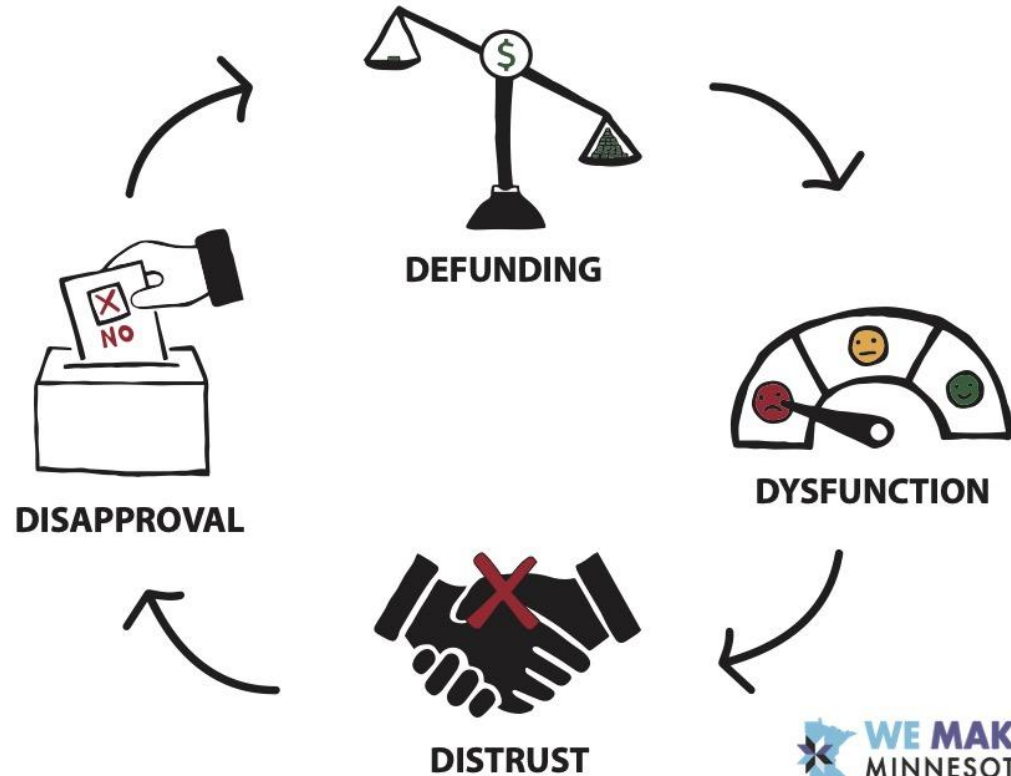
...Especially Compared to Our Wealth



Minnesota is Not Immune



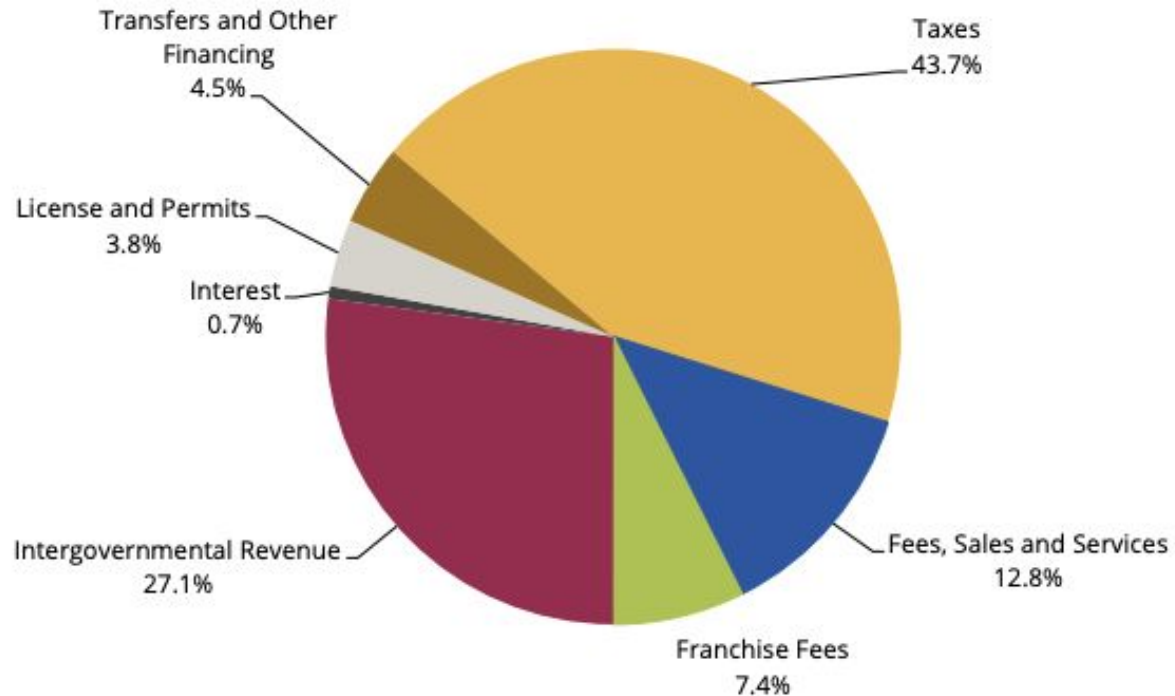
Cycle of Divestment and Distrust



Public Funding in St. Paul

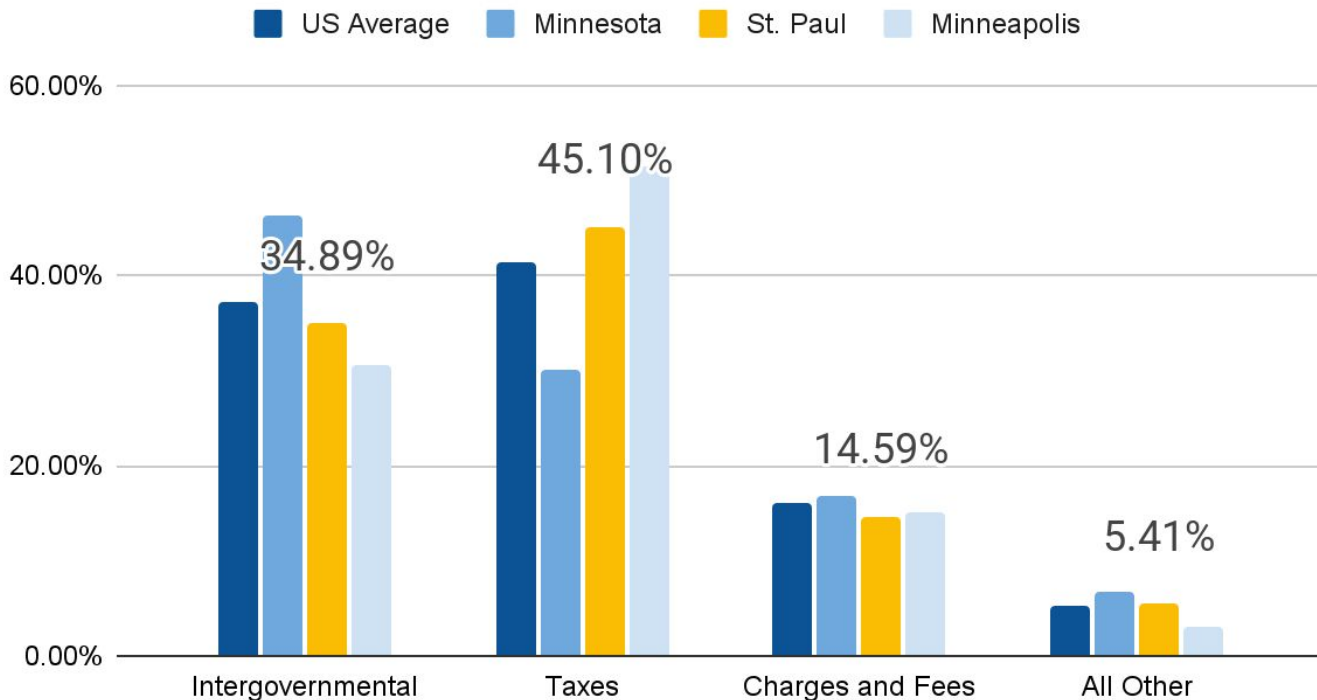
Where Does the Money Come From?

2024 Adopted Revenue By Source



Comparing Municipal Revenue Sources

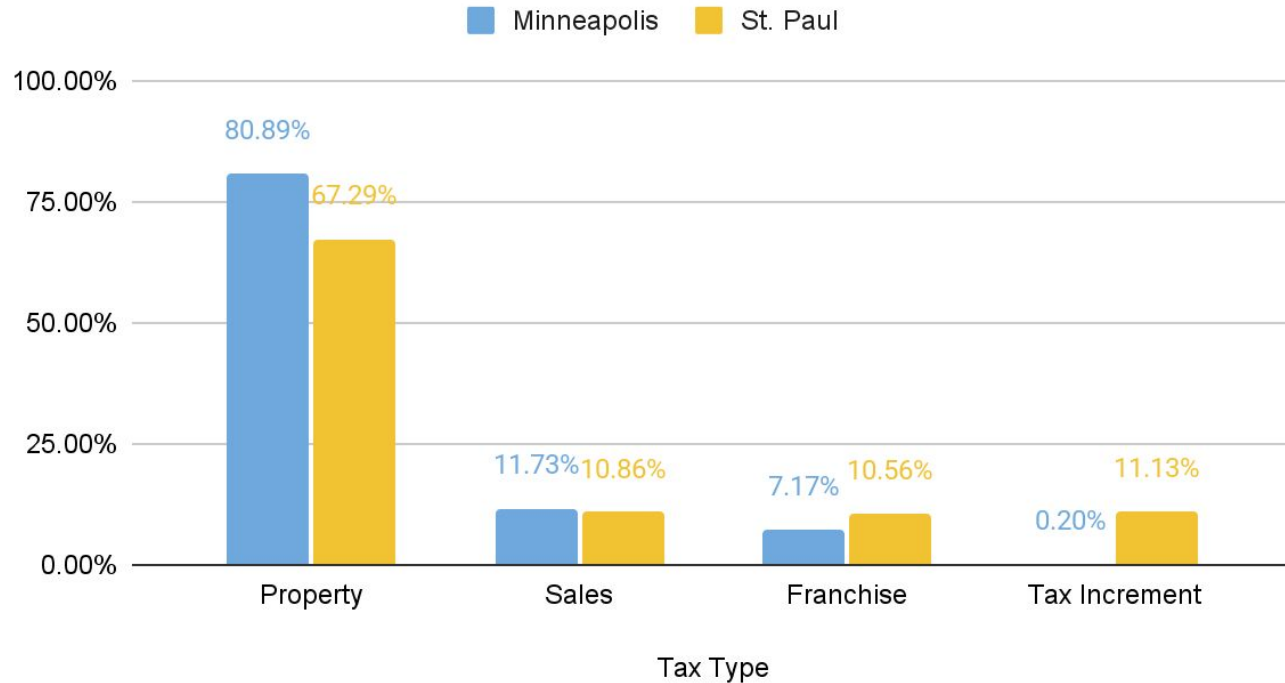
General Funds Revenue by Source



Source: Lincoln Institute of Land Policy and Minnesota State Auditor

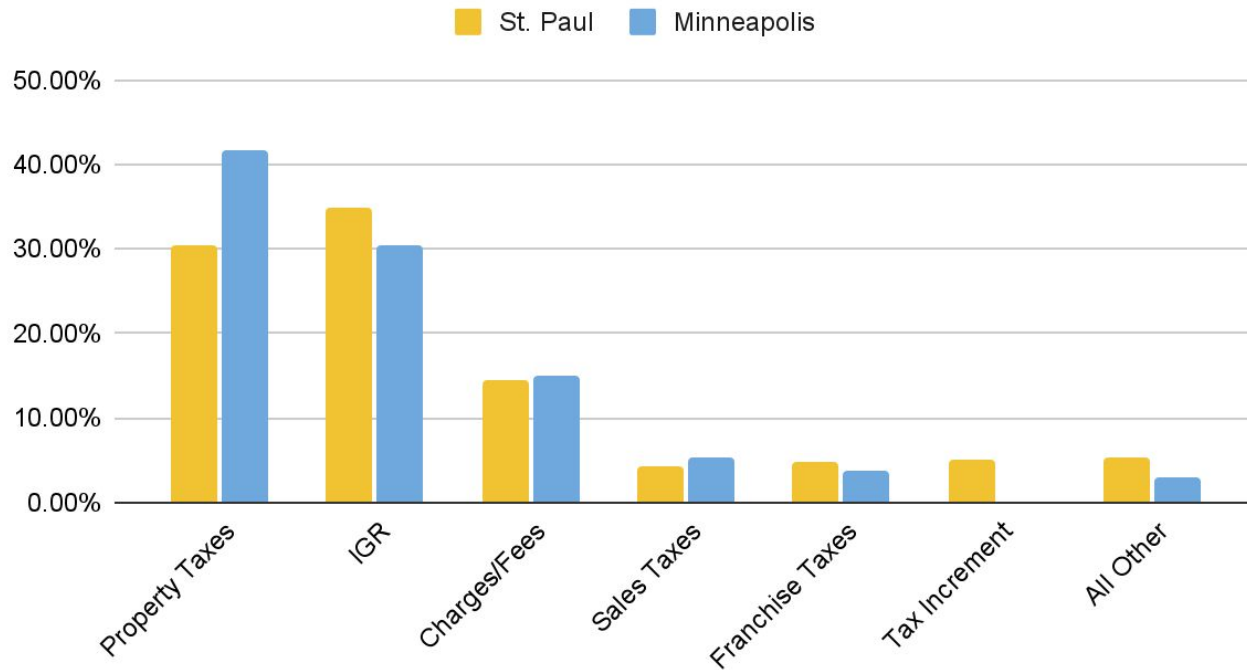
Comparing Municipal Revenue Sources

Share of Tax Revenue by Type



Comparing Municipal Revenue Sources

General Funds Revenue by Source



Digging into Property Taxes

Property Taxes: Pros and Cons

PRO

- Henry George tax — land can't be lost like commerce or labor income
- Levy-setting means revenues are extremely stable
- Simple, implementable form of wealth taxation

CON

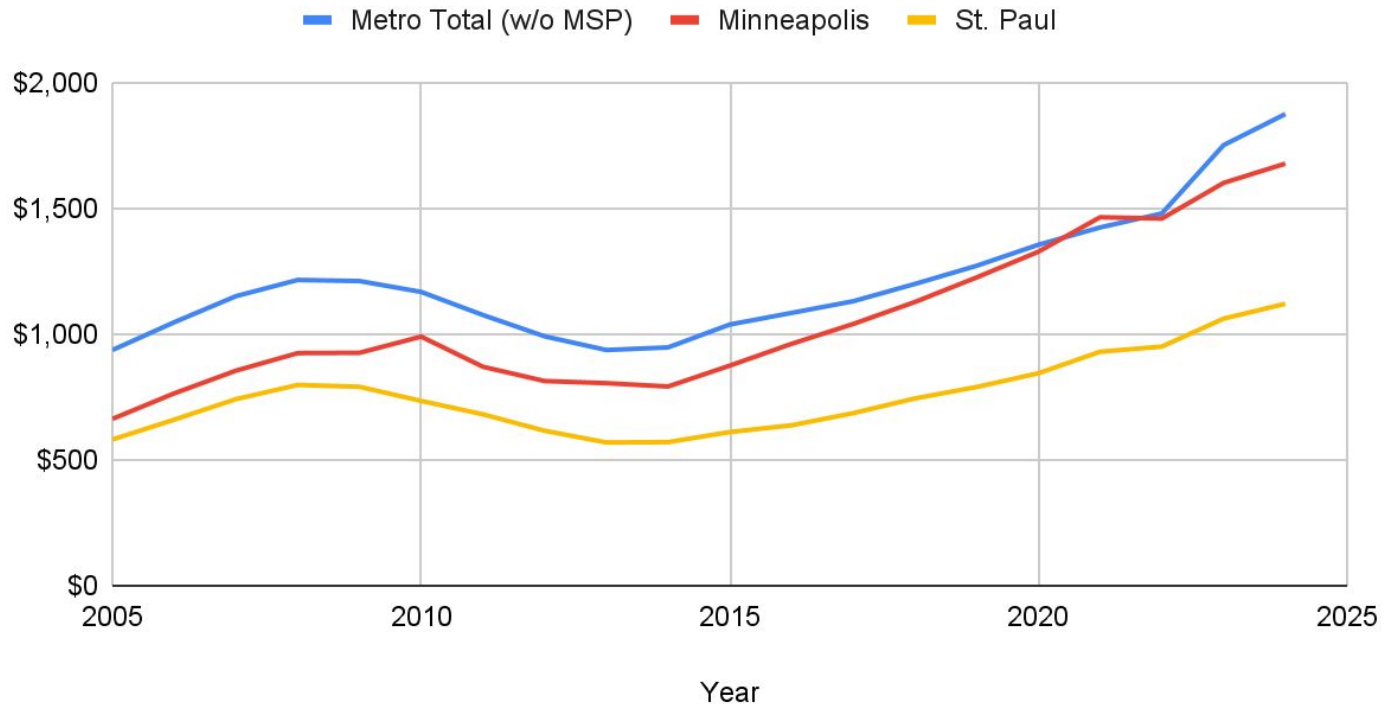
- Home value not connected to ability to pay
- Lump-sum payments highly felt (and often hated)
- Less progressive than income or corporate taxes

Comparing Property Tax Payments

	Median Home Value (2022)	Average Payment (2024)	Homestead Rate (2024)	Homestead Income (2022)	Income Rate (2022)
Saint Paul	\$236,000	\$4,731	1.47%	\$88,876	3.0%
Minneapolis	\$299,000	\$5,050	1.31%	\$101,555	3.1%
7 County Metro	\$303,100	\$5,359	1.07% (Average)	\$111,664 (Median)	2.8% (Median)

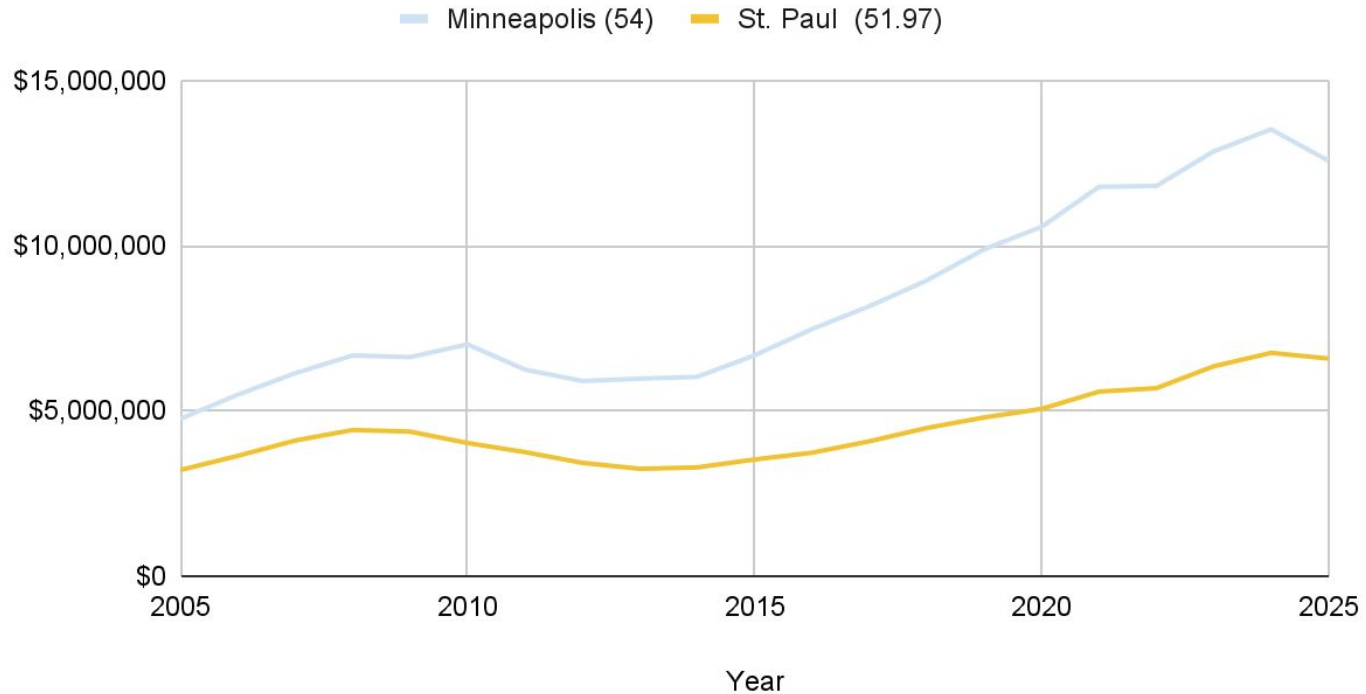
Market Value Growth, MSP and 7 County Metro

Taxable NTC Per Capita 2005-2025



Taxable Value Per Square Mile

Taxable NTC / Square Land Miles

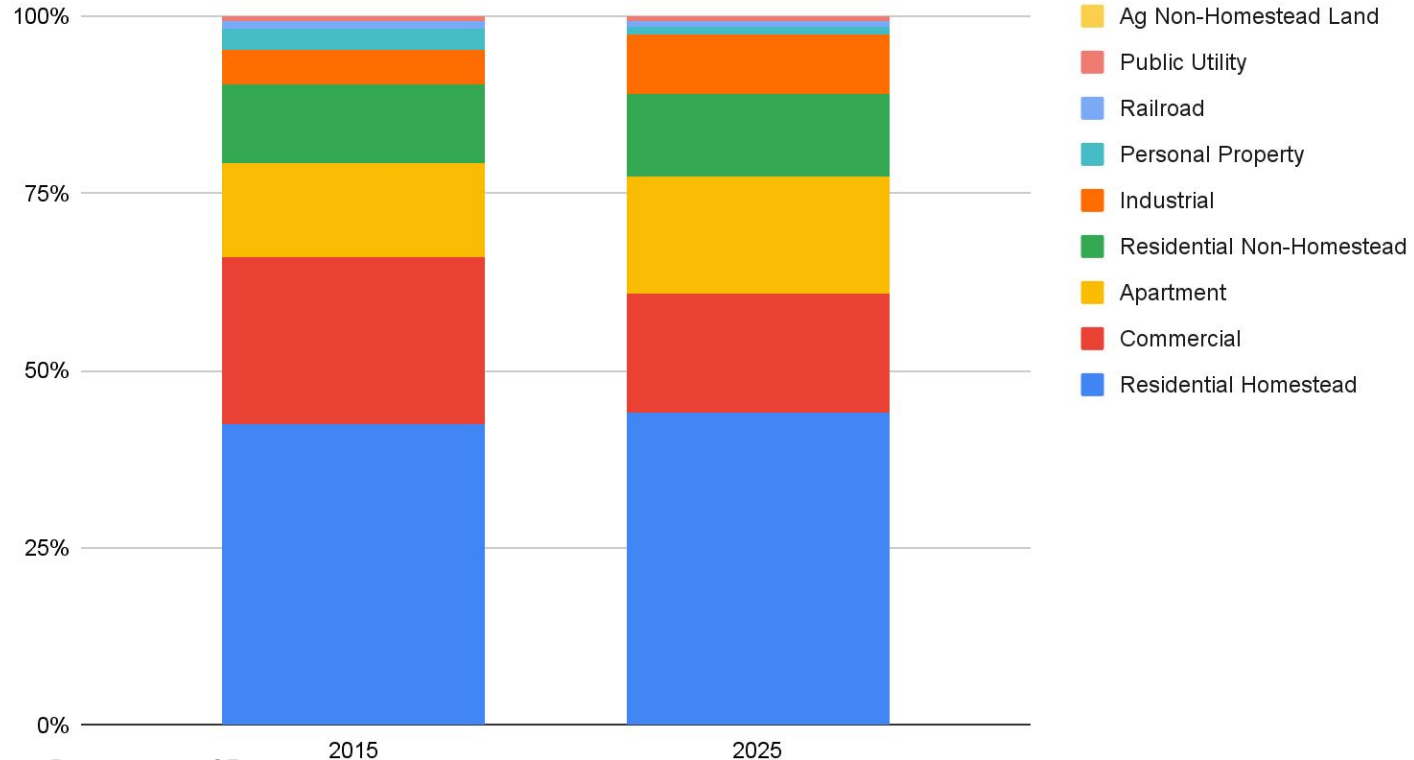


Comparing Metro Property Tax Capacity, 2022

	Minneapolis			St. Paul		
Description	Total	Per Capita	City Rank	Total	Per Capita	City Rank
Taxable Tax Capacity	\$637,393,316	\$1,458.79	47 of 231	\$295,474,230	\$950.10	124 of 231
Net Tax Levy	\$378,298,114	\$865.80	11 of 231	\$141,790,926	\$455.93	141 of 231

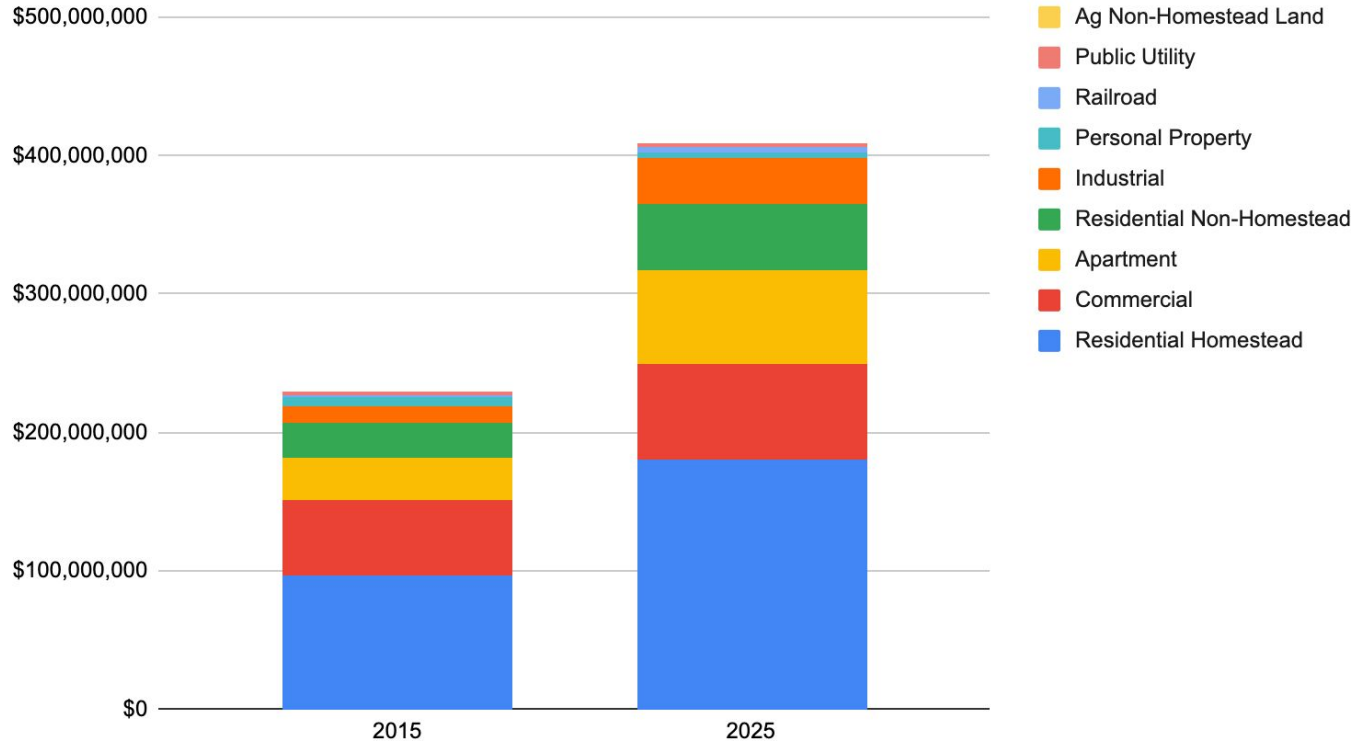
St. Paul Property Tax Base by Category

Net Tax Capacity by Class



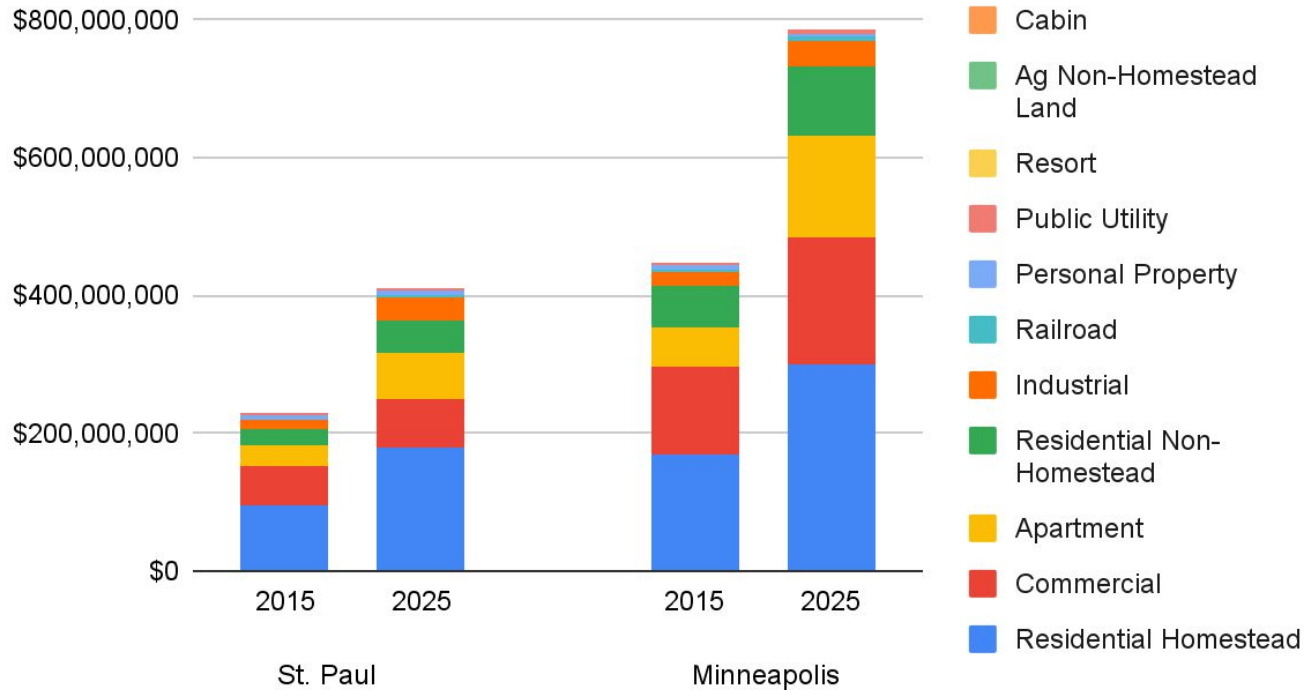
Total Property Tax Base by Category

NTC Growth by Class



Twin Cities Property Tax Base by Category

NTC Changes: St. Paul and Minneapolis



Exempt Property

City/Town	Percentage of Exempt Value	Taxable Market Value Total	Total Exempt Market Value
Falcon Heights	57.14%	\$508,698,100	\$678,107,200
Arden Hills	37.47%	\$1,445,202,300	\$866,141,900
Hilltop	35.94%	\$34,506,877	\$19,359,600
Bayport	32.39%	\$378,406,300	\$181,245,200
Osseo	22.44%	\$307,628,900	\$89,008,500
Minneapolis	22.28%	\$59,717,760,948	\$17,118,479,300
Oak Park Heights	20.24%	\$947,352,000	\$240,393,100
St. Paul	20.11%	\$29,702,201,800	\$7,476,899,000
Stillwater	18.97%	\$2,869,319,300	\$671,532,500
Anoka	17.90%	\$1,796,598,101	\$391,656,900
Metro Average	7.77%	\$2,425,621,748	\$324,847,738
Metro Median	6.58%	\$701,290,287	\$55,105,700

Source: 2022 Minnesota Department of Revenue

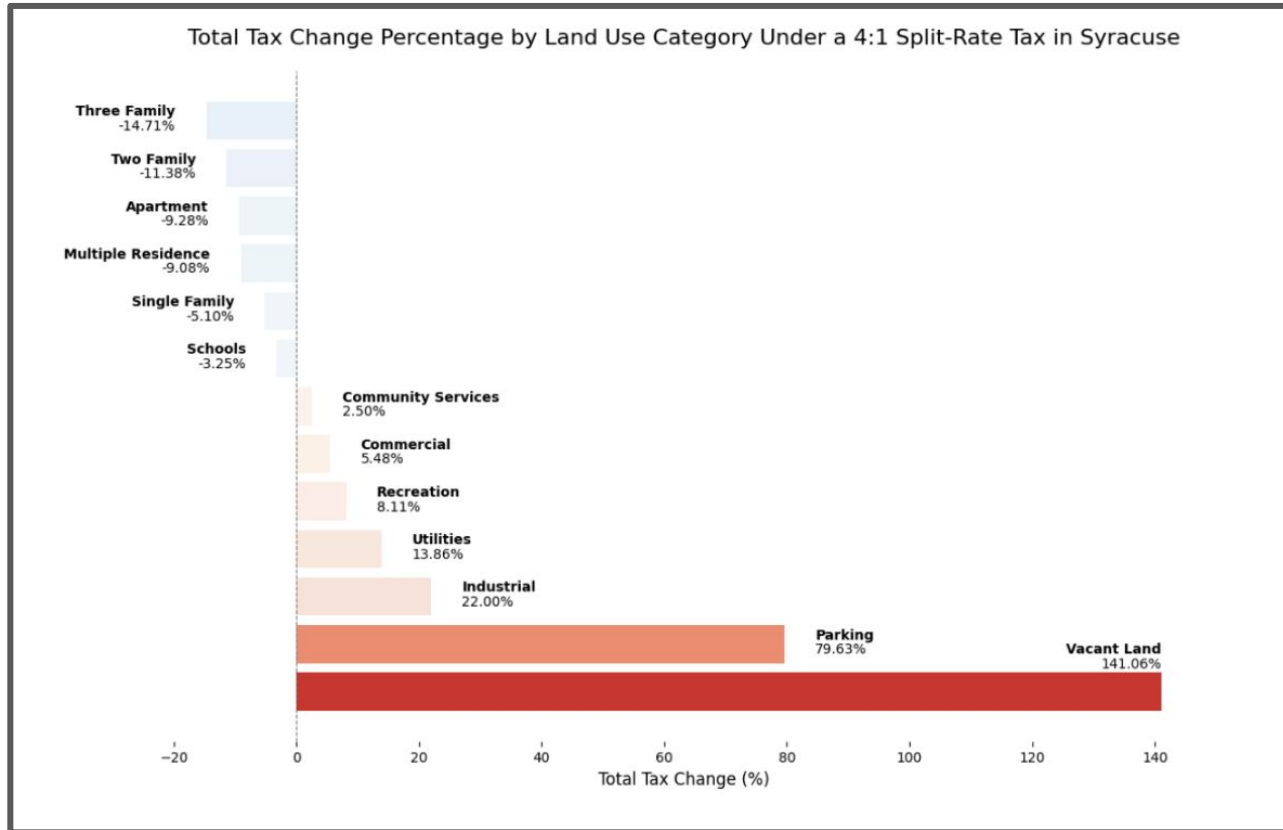
What next?



New Ideas: Land Value Tax

- Tax assessed based on value of the land, not structure
- Preferences higher value development (more housing)
- Discourages blight or speculative land holding
- Pennsylvania local government's have instituted "split rates"
 - Results indicate density increase of 5 - 10%
 - Similar increase in number of units constructed

New Ideas: Land Value Tax



Source: Center for Land Economics. "Land Value Shifts in Syracuse: Towards a Prosperous Future"

New Ideas: Urban Wealth Fund

- International experts argue cities under-value and under-utilize public assets, especially in the U.S.
- Recommend income- and value-generating stewardship
- Cities like Copenhagen utilize private management of public assets to generate development and long-term revenue
- Ideas like social housing show promise of public enterprise

The bottom line insight is that we can build public wealth

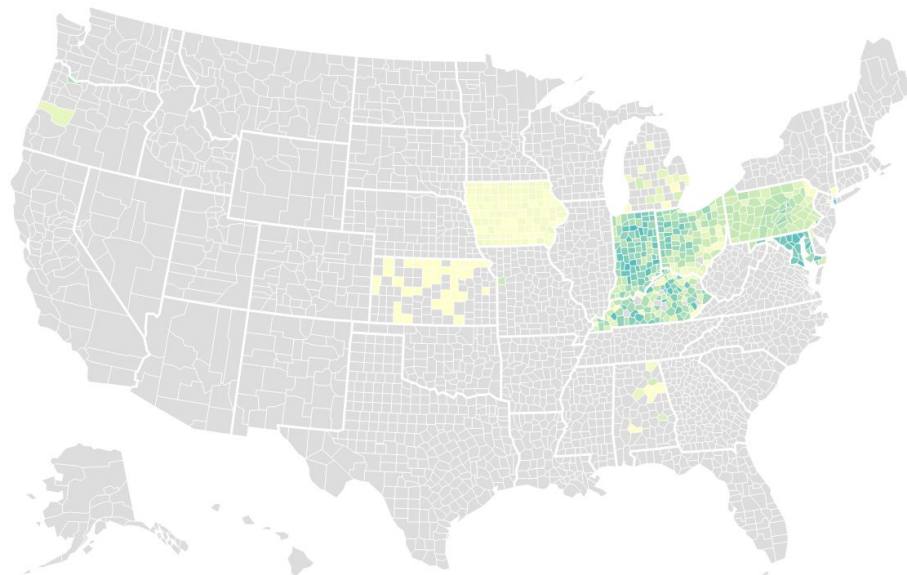
Other Revenue Options: Local Income Taxes

- Local income taxes exist in 14 states
- Minneapolis is currently studying the idea
- Potential for substantial progressive revenue at a low rate
- Important to consider political and economic downsides
 - Easy to avoid or move away from
 - High combined state and local rate
 - High-tax reputation, etc.

Other Revenue Options: Local Income Taxes

FIGURE 4.

Local Income Tax as a Share of Total Tax Revenue



Source: ITEP analysis of U.S. Census Bureau 2022 Census of Governments and government financial reports • Created with Datawrapper



Thank you.

Be in touch!

Eric@wemakemn.com

