

April 17, 2025

	Yes	No
DOR Administrative Costs/Savings		X

Department of Revenue

Analysis of S.F. 2657 (Pappas) As Proposed to be Amended (SCS2657A-4)

The city of St. Paul has imposed a sales and use tax of 0.5% since 1993. An additional authority of 1% was enacted in 2023. The city of St. Paul also has a lodging tax for less than 50 rooms of 3% since 2004 and a lodging tax for greater than 50 rooms of 6% from 2004 to 2019, then it was increased to 7% in 2019.

The bill, as amended, extends the expiration date of the authority granted to the city of St. Paul to impose the 0.5% sales and use tax from December 31, 2042, to December 31, 2060, or at an earlier time as the city shall, by ordinance, determine.

The bill, as amended, increases the limit for the aggregate principal amount of sales tax supported bonds the city can issue for capital expenses for the St. Paul Civic Center and for capital projects to further residential, cultural, commercial and economic development in the city from \$65 million to \$400 million. It also increases from \$130 million to \$500 million the limit for the total principal amount of additional bonds the city can issue together with the outstanding principal amount of the bonds previously issued.

The bill, as amended, removes the revenue distribution requirements for sales tax revenue that is distributed through the city's cultural STAR program. It also removes the requirement that the citizen review panel consist of three residents from each of the seven city council wards, for a total of 21 members.

The bill, as amended, would have no impact on state taxes.

Source: Minnesota Department of Revenue
Tax Research Division
<https://www.revenue.state.mn.us/revenue-analyses>