

ST PAUL

AREA CHAMBER

401 N Robert Street, Suite 150
St. Paul, MN 55101

MAKING CONNECTIONS THAT COUNT

April 17, 2023

Representative Aisha Gomez, Chair, House Taxes Committee
453 State Office Building
St. Paul, MN 55155

Dear Chair Gomez and Committee Members:

On behalf of the 1700+ members and affiliates of the St. Paul Area Chamber, who together represent more than 3 million employees and their families, thank you for the opportunity to comment on H.F. 1938.

As a chamber, we appreciate the increased funding for the Local Government Aid (LGA) program. Our capital city faces unique challenges with its high percentage of tax-exempt property while at the same time, providing significant levels of service to individuals from all over the state. The formula adjustments and additional program funding will provide the City with an additional \$11 million per year, and the inflation adjustments moving forward will help this funding better align with future expenses.

Along that same vein, we appreciate the \$30 million in one-time funding for St. Paul street improvements, which is preferable to the City's proposed one percent sales tax increase. With the numerous sales tax proposals being considered this session, were they all enacted, the sales tax rate for St. Paul would be 9.875 percent and make the city an outlier. Given that St. Paul is the center of state government, we believe it is appropriate for the state to provide resources to the capital city to maintain its infrastructure.

Finally, we would be remiss not to mention our concern with the new fifth tier income tax and lack of Social Security subtraction for all recipients. We believe these proposals further make Minnesota less competitive for economic development in the national landscape.

Thank you for your time and consideration.

Respectfully,



B Kyle
President & CEO
St. Paul Area Chamber

