

Tom Bottem, Director

Minnesota Senate Building
95 University Ave. W. Suite 3300
ST. PAUL, MN 55155-1800
(651) 296-4791
www.senate.mn/scrfa

S.F. No. 4031 – Construction materials sales tax exemption for Chisolm, Duluth, Nashwauk-Keewatin, Ely, and Hibbing public schools; Northland Learning Center, and Northern Light Academy (as proposed to be amended by the A-1 amendment)

Author: Senator David J. Tomassoni

Prepared by: Nora Pollock, Senate Counsel (651/297-8066)

Date: April 18, 2022

Under current law, sales to and purchases by school districts, among other local government and nonprofit entities, are exempt from sales tax. The exemption does not apply, however, to construction materials purchased by a contractor or a subcontractor as a part of a lump-sum or similar type of contract with a guaranteed maximum price covering both labor and materials for use in the project.

This bill provides a sales tax exemption for materials and supplies used in and equipment incorporated into various school districts' construction projects. Sales tax must be paid at the time of the sale or purchase and then refunded. Refunds must not be issued until after June 30, 2022.

Section 1. Chisolm Public Schools; sales tax exemption for construction materials. Exempts materials and supplies used in and equipment incorporated into construction and renovation projects for Chisolm Elementary School and Vaughn Steffensrud School if purchased after December 31, 2021, and before January 1, 2025.

Section 2. Duluth Public Schools; sales tax exemption for construction materials. Exempts materials and supplies used in and equipment incorporated into construction of an administrative building and a transportation facility for Duluth Public Schools, if purchased after June 30, 2021, and before January 1, 2025.

Section 3. Nashwauk-Keewatin Public Schools; sales tax exemption for construction materials. Exempts materials and supplies used in and equipment incorporated into construction of a new school building and attached community wellness center to replace Keewatin Elementary School and Nashwauk High School, if purchased after December 31, 2021, and before January 1, 2025.

Section 4. Ely Public Schools; sales tax exemption for construction materials. Exempts materials and supplies used in and equipment incorporated into renovations to the elementary and high school buildings and construction of a building that connects the elementary school and high school buildings that contains classrooms, a common area, gymnasium, and administrative offices, if purchased after May 1, 2019, and before January 1, 2024.

Section 5. Hibbing Public Schools; sales tax exemption for construction materials. Exempts materials and supplies used in and equipment incorporated into the addition of an Early Childhood Family Education Center to an existing elementary school and improvements to an existing athletic facility, if purchased after May 1, 2019, and before January 1, 2025.

Section 6. Rock Ridge Public Schools; sales tax exemption for construction materials. Exempts materials and supplies used in and equipment incorporated into the construction of two new elementary school buildings and a new high school building, if purchased after May 1, 2019, and before January 1, 2024.

Section 7. Northland Learning Center; sales tax exemption for construction materials. Exempts materials and supplies used in and equipment incorporated into the renovation and addition to the James Madison Building, if purchased after December 31, 2021, and before January 1, 2025.

Section 8. Northern Lights Academy; sales tax exemption for construction materials. Exempts materials and supplies used in and equipment incorporated into a new building for special education cooperative No 6096, Northern Lights Academy, if purchased after December 31, 2021, and before January 1, 2025.