

S.F. No. 500 – Construction materials sales tax exemption for Chisolm, Duluth, Ely, Hibbing, Nashwauk-Keewatin, and Rock Ridge public schools; Northland Learning Center and Northern Light Academy (as proposed to be amended by the A-1 amendment)

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Date: February 6, 2023

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, 2023.

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. Effective retroactively for sales and purchases made within these dates.

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. Effective retroactively for sales and purchases made within these dates.

Section 3. 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. Effective retroactively for sales and purchases made within these dates.

Section 4. 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; improvements to an existing athletic facility; a reroofing project at Hibbing Washington Elementary School; and a Hibbing High School restroom remodel project, if purchased after May 1, 2019, and before January 1, 2025. Effective retroactively for sales and purchases made within these dates.

Section 5. 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. Effective retroactively for sales and purchases made within these dates.

Section 6. Northland Learning Center; sales tax exemption for construction materials. Exempts materials and supplies used in and equipment incorporated into the construction of a new addition to the James Madison Building for Northland Learning Center and renovations and improvements to the existing facility, if purchased after December 31, 2021, and before January 1, 2025. Effective retroactively for sales and purchases made within these dates.

Section 8. Northern Lights Academy; sales tax exemption for construction materials. Exempts materials and supplies used in and equipment incorporated into construction of a new addition to the existing facility and renovations and improvements to the existing facility, if purchased after December 31, 2021, and before January 1, 2025. Effective retroactively for sales and purchases made within these dates.

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. Effective retroactively for sales and purchases made within these dates.