

DULUTH BUILDING AND CONSTRUCTION TRADES COUNCIL

2002 LONDON ROAD

LABOR CENTER

DULUTH, MINN. 55812



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The Honorable Ann H. Rest

Chair, Senate Taxes Committee

Minnesota State Senate

75 Rev. Dr. Martin Luther King Jr. Blvd.

Capitol, Room 328

St. Paul, MN 55155

April 3, 2024

Dear Chair Rest and Members of the Senate Taxes Committee:

I write in support of Senate File 4868, which creates a new incentive for developers to build housing across all income levels in Duluth and Saint Louis County – something we desperately need.

By providing a construction sales tax exemption on housing material for apartments, condominiums, and townhomes construction across all income levels for a period of two years, we will help attract developers to build much needed workforce housing in northeastern Minnesota.

This effort proposed by Senator Hauschild is a bit unprecedented for housing across all income levels, but I believe it is needed as we have a housing emergency in Northeastern Minnesota and must take drastic measures to get housing built now.

In Duluth and St. Louis County, we have unique challenges when it comes to construction, as it's harder and more expensive to build housing. Northern Minnesota's housing prices are driven by construction expenses that are often 20%-30% higher than in other parts of the state, due to the greater cost of materials in the region, as well as geological and topographical challenges developers often encounter on site.

This exemption – limited to just two years – could help us jump start housing construction in Saint Louis County and Duluth.

We must help developers make the numbers work for their projects or they won't build them. This exemption would mean that Saint Louis County and the City of Duluth share in the sacrifice of taxation of construction materials to inject new funds and energy into the construction of housing in our part of the state.

Thank you for considering this effort. I hope you will consider including this in a future tax bill as this 2024 legislative session moves forward.

Respectfully,



Jack Carlson, President

Duluth Building Trades

CC: Senate Taxes Committee Members
Mitch Berggren, Senate Taxes Committee Administrator

Boilermakers #647

Bricklayers #1

Carpenters #361

Cement Masons #633

Elevator #9

IBEW #242

Insulators #49

Ironworkers #512

Laborers #1091

Millwrights #1348

Operators #49

Painters #106

Pipefitters #11

Roofers #96

Sheetmetal #10

Sprinklerfitters #669

Teamsters #346