



CELEBRATING 150 YEARS OF MOVING BUSINESS FORWARD

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

February 4, 2025

Honorable Ann H. Rest,

On behalf of the Duluth Area Chamber of Commerce, I write in support of Senate File 542 (Hauschild/Farnsworth), which provides for a construction sales tax exemption for a workforce housing projects in St. Louis County.

We have a housing emergency in St. Louis County that is hampering economic growth. Employers, large and small, are challenged to find workforce. We cannot build a workforce without places for people to live. We need more housing. This measure will help us do that.

In St. Louis County, we have unique challenges when it comes to construction, as it's harder and more expensive to build housing. In Duluth specifically, 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 labor and materials in the region, as well as geological and topographical challenges developers often encounter on site.

This exemption will help us jump start housing construction. Additionally, 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.

Respectfully,

Matt Baumgarter, MBA
President
Duluth Area Chamber of Commerce