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State of Minnesota  
HOUSE OF REPRESENTATIVES

NINETY-FOURTH SESSION

H. F. No. 178

02/10/2025 Authored by Myers and Zeleznikar  
The bill was read for the first time and referred to the Committee on Taxes  
02/20/2025 By motion, recalled and re-referred to the Committee on Housing Finance and Policy  
02/27/2025 Adoption of Report: Amended and re-referred to the Committee on Taxes

- 1.1 A bill for an act
- 1.2 relating to taxation; sales and use; providing a refundable construction exemption
- 1.3 for construction of new multifamily residential housing for first-time homebuyers;
- 1.4 amending Minnesota Statutes 2024, sections 297A.71, by adding a subdivision;
- 1.5 297A.75, subdivisions 1, 2.
- 1.6 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:
- 1.7 Section 1. Minnesota Statutes 2024, section 297A.71, is amended by adding a subdivision
- 1.8 to read:
- 1.9 Subd. 55. Construction materials for new multifamily home construction. (a)
- 1.10 Materials and supplies used or consumed in and equipment incorporated into the construction
- 1.11 of new multifamily residential homes for first-time homebuyers are exempt. For the purposes
- 1.12 of this subdivision, multifamily residential housing includes only duplexes and triplexes.
- 1.13 This exemption is limited to taxes paid on the first \$165,000 of costs of materials, supplies,
- 1.14 and equipment. A qualified recipient of this exemption is the owner of the home at the time
- 1.15 the materials, supplies, and equipment are purchased and used or consumed in construction.
- 1.16 A qualified recipient must meet the following criteria:
- 1.17 (1) after completion of construction, the owner and occupant of at least one unit of the
- 1.18 home is a first-time homebuyer; and
- 1.19 (2) the purchase agreement between the owner and first-time homebuyer must reflect
- 1.20 that the tax savings provided by this exemption reduced the purchase price of the home.
- 1.21 (b) The tax on purchases exempt under paragraph (a) must be imposed and collected as
- 1.22 if the rates under section 297A.62, subdivisions 1 and 1a, applied and then refunded in the
- 1.23 manner provided in section 297A.75. The qualified recipient must provide proof to the

commissioner in a form and manner prescribed by the commissioner that the requirements of paragraph (a), clauses (1) and (2), were met prior to receiving a refund.

(c) This subdivision expires July 1, 2033. The commissioner must not issue refunds after June 30, 2033.

**EFFECTIVE DATE.** This section is effective for sales and purchases made after June 30, 2025.

Sec. 2. Minnesota Statutes 2024, section 297A.75, subdivision 1, is amended to read:

Subdivision 1. **Tax collected.** The tax on the gross receipts from the sale of the following exempt items must be imposed and collected as if the sale were taxable and the rate under section 297A.62, subdivision 1, applied. The exempt items include:

(1) building materials for an agricultural processing facility exempt under section 297A.71, subdivision 13;

(2) building materials for mineral production facilities exempt under section 297A.71, subdivision 14;

(3) building materials for correctional facilities under section 297A.71, subdivision 3;

(4) building materials used in a residence for veterans with a disability exempt under section 297A.71, subdivision 11;

(5) elevators and building materials exempt under section 297A.71, subdivision 12;

(6) materials and supplies for qualified low-income housing under section 297A.71, subdivision 23;

(7) materials, supplies, and equipment for municipal electric utility facilities under section 297A.71, subdivision 35;

(8) equipment and materials used for the generation, transmission, and distribution of electrical energy and an aerial camera package exempt under section 297A.68, subdivision 37;

(9) commuter rail vehicle and repair parts under section 297A.70, subdivision 3, paragraph (a), clause (10);

(10) materials, supplies, and equipment for construction or improvement of projects and facilities under section 297A.71, subdivision 40;

(11) enterprise information technology equipment and computer software for use in a qualified data center exempt under section 297A.68, subdivision 42;

(12) materials, supplies, and equipment for qualifying capital projects under section 297A.71, subdivision 44, paragraph (a), clause (1), and paragraph (b);

(13) items purchased for use in providing critical access dental services exempt under section 297A.70, subdivision 7, paragraph (c);

(14) items and services purchased under a business subsidy agreement for use or consumption primarily in greater Minnesota exempt under section 297A.68, subdivision 44;

(15) building materials, equipment, and supplies for constructing or replacing real property exempt under section 297A.71, subdivisions 49; 50, paragraph (b); and 51;

(16) building materials, equipment, and supplies for qualifying capital projects under section 297A.71, subdivision 52; ~~and~~

(17) building materials, equipment, and supplies for constructing, remodeling, expanding, or improving a fire station, police station, or related facilities exempt under section 297A.71, subdivision 53; and

(18) building materials, equipment, and supplies for the construction of new multifamily residential housing exempt under section 297A.71, subdivision 55.

**EFFECTIVE DATE.** This section is effective for sales and purchases made after June 30, 2025.

Sec. 3. Minnesota Statutes 2024, section 297A.75, subdivision 2, is amended to read:

Subd. 2. **Refund; eligible persons.** Upon application on forms prescribed by the commissioner, a refund equal to the tax paid on the gross receipts of the exempt items must be paid to the applicant. Only the following persons may apply for the refund:

(1) for subdivision 1, clauses (1), (2), and (13), the applicant must be the purchaser;

(2) for subdivision 1, clause (3), the applicant must be the governmental subdivision;

(3) for subdivision 1, clause (4), the applicant must be the recipient of the benefits provided in United States Code, title 38, chapter 21;

(4) for subdivision 1, clause (5), the applicant must be the owner of the homestead property;

(5) for subdivision 1, clause (6), the owner of the qualified low-income housing project;

(6) for subdivision 1, clause (7), the applicant must be a municipal electric utility or a joint venture of municipal electric utilities;

- 4.1 (7) for subdivision 1, clauses (8), (11), and (14), the owner of the qualifying business;
- 4.2 (8) for subdivision 1, clauses (9), (10), (12), (16), and (17), the applicant must be the
- 4.3 governmental entity that owns or contracts for the project or facility; ~~and~~
- 4.4 (9) for subdivision 1, clause (15), the applicant must be the owner or developer of the
- 4.5 building or project; and
- 4.6 (10) for subdivision 1, clause (18), the applicant must be the owner of the residential
- 4.7 housing at the time the materials, supplies, and equipment were purchased and used or
- 4.8 consumed in construction.
- 4.9 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June
- 4.10 30, 2025.