



February 24, 2022

Chair Paul Marquart  
597 Rev. Dr. Martin Luther King Jr. Blvd.  
St. Paul, MN 55155

Dear Chair Marquart and House Taxes Committee members,

The Minnesota Council of Nonprofits (MCN) is the largest statewide association of nonprofits in the country, representing over 2,300 member organizations across the state. Through MCN, nonprofits join together across interest areas to work on issues of common interest to all. MCN works to inform, promote, connect, and strengthen individual nonprofits and the nonprofit sector.

MCN believes that the resources available in this legislative session should be used to respond to the ongoing health and economic impacts of the pandemic, address long-standing disparities and areas of disinvestment, and build a stronger, more equitable recovery. We appreciate that Governor Walz's budget prioritizes investing in strengthening Minnesota families, communities, and nonprofits.

In particular, we support policies that work toward supporting and rebuilding a thriving and more equitable nonprofit sector, including the sales tax exemption for construction materials, Paid Family and Medical Leave (PFML), the Equity in Bonding proposal, and the Nonprofit Resiliency and Recovery Fund.

**MCN is writing in support of Governor Walz's sales tax exemption for construction materials,** found in Article 3, Section 1 of HF3669. This legislation would provide an important support for the nonprofit sector following two years of a pandemic with unpredictable funding streams. The proposal would allow nonprofits and local governments to submit a tax refund claim on construction materials for building, construction, reconstruction materials, and supplies used. This policy change will strengthen nonprofits' capacity to advance their charitable mission, as they will no longer have to allocate sales tax in their construction projects cost.

**We thank the governor for his approach in his budget to invest in Minnesotans and families, communities, and nonprofits.** If you have any questions, please contact Marie Ellis, public policy director, at the Minnesota Council of Nonprofits at 651-757-3060 or [mellis@minnesotanonprofits.org](mailto:mellis@minnesotanonprofits.org). Thank you for your continuing partnership as we work together to serve the communities of Minnesota.

Sincerely,

A handwritten signature in blue ink that reads "Nonoko Sato".

Nonoko Sato  
Executive Director

A handwritten signature in black ink that reads "marie ellis".

Marie Ellis  
Public Policy Director