

1.1 Igo from the Committee on Housing Finance and Policy to which was referred:

1.2 H. F. No. 178, A bill for an act relating to taxation; sales and use; providing a refundable  
1.3 construction exemption for construction of new multifamily residential housing for first-time  
1.4 homebuyers; amending Minnesota Statutes 2024, sections 297A.71, by adding a subdivision;  
1.5 297A.75, subdivisions 1, 2.

1.6 Reported the same back with the following amendments:

1.7 Page 1, delete section 1 and insert:

1.8 "Section 1. Minnesota Statutes 2024, section 297A.71, is amended by adding a subdivision  
1.9 to read:

1.10 Subd. 55. **Construction materials for new multifamily home construction.** (a)  
1.11 Materials and supplies used or consumed in and equipment incorporated into the construction  
1.12 of new multifamily residential homes for first-time homebuyers are exempt. For the purposes  
1.13 of this subdivision, multifamily residential housing includes only duplexes and triplexes.  
1.14 This exemption is limited to taxes paid on the first \$165,000 of costs of materials, supplies,  
1.15 and equipment. A qualified recipient of this exemption is the owner of the home at the time  
1.16 the materials, supplies, and equipment are purchased and used or consumed in construction.  
1.17 A qualified recipient must meet the following criteria:

1.18 (1) after completion of construction, the owner and occupant of at least one unit of the  
1.19 home is a first-time homebuyer; and

1.20 (2) the purchase agreement between the owner and first-time homebuyer must reflect  
1.21 that the tax savings provided by this exemption reduced the purchase price of the home.

1.22 (b) The tax on purchases exempt under paragraph (a) must be imposed and collected as  
1.23 if the rates under section 297A.62, subdivisions 1 and 1a, applied and then refunded in the  
1.24 manner provided in section 297A.75. The qualified recipient must provide proof to the

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

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

2.5 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June  
2.6 30, 2025."

2.7 Page 4, line 4, after "housing" insert "at the time the materials, supplies, and equipment  
2.8 were purchased and used or consumed in construction"

2.9 With the recommendation that when so amended the bill be re-referred to the Committee  
2.10 on Taxes.

2.11 This Committee action taken February 25, 2025

2.12 ..... Chair