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Chair Greg Davids
Taxes Committee
Centennial Office Building
658 Cedar Street
Saint Paul, MN 55155

Chair Davids and Committee Members:

Associated General Contractors of Minnesota (AGC of MN) is a construction industry trade association that promotes opportunity and excellence in the building and road construction industries. AGC of MN appreciates the opportunity to engage on H.F. 5. We must build on the transportation investments made in the last few years to build and maintain essential infrastructure and support our construction workforce. We also believe there are opportunities to clarify and align the application of the retail delivery fee with its original intentions.

One key concern is the retail fee is being applied to materials used in construction, including aggregate materials. AGC has engaged with the Minnesota Department of Revenue and this is the current interpretation. Aggregate materials are essential components in the construction process, combined with other materials and skilled labor to create a final product. It is important to note that the retail delivery fee was not intended to be a value-added tax, but rather a fee related to the delivery of tangible personal property. By applying this fee to construction materials, the fee is being applied to the very supplies it's intended to fund- infrastructure. There is an exemption for deliveries by motor vehicles with permits issued under Minnesota Statutes, Chapter 169 or 221, but these permits do not always include trucks delivering aggregate.

Thank you for your attention to these issues. We look forward to working with you to make strong infrastructure investments while ensuring clear and effective application transportation policy, including the retail delivery fee law.

Sincerely,

Laura Ziegler
Director of Highway/Heavy and Government Affairs