



# Sales Tax Exemption for 2027 Washington County Regional Public Facility Investments

Washington County requests special legislation granting a sales tax exemption under Minn. Stat. § 297A.75 for construction materials, supplies, and equipment for two major regional public facility projects scheduled for construction in 2027: R.H. Stafford Library and Public Works South Shop.

## Issue At-A-Glance

- Under current law, local governments are exempt from sales tax. However, this exemption does not extend to construction materials purchased by contractors under lump-sum or guaranteed-maximum-price contracts. This bill would provide a sales tax exemption for materials, supplies, and equipment incorporated into upcoming county construction projects.
- In 2027, Washington County will begin two major public facility projects totaling more than \$57 million, addressing critical infrastructure needs identified through formal studies. A state sales tax exemption would reduce project costs, strengthen taxpayer value, and support on-time delivery of these essential improvements.



### R.H. Stafford Library

R.H. Stafford Library is a regional asset that requires modernization. It is the county's highest-use library and is one of the top five busiest libraries in Minnesota. The current layout is inefficient, finishes are worn, and mechanical and electrical systems are at the end of their service life. Upgrades will improve functionality, energy efficiency, and long-term operating costs.



### Public Works South Shop

The Public Works South Shop is outdated and undersized. A 2013 study found the facility deteriorated, non-ADA compliant, and consuming twice the energy per square foot of a modern building. The space no longer supports current equipment or operational needs, limiting the county's ability to serve the growing southern region.

## Previous Considerations

No previous consideration.

## No Action

If a state sales tax exemption is not provided, Washington County will bear the full sales tax burden on construction materials for both projects, reducing the overall purchasing power of the allocated funds. This could result in reduced project scope, delayed timelines, or the need for additional local funding to achieve the same outcomes.

## Financial Implications

Both projects rely significantly on bond proceeds, and reduced costs would enhance Washington County's ability to deliver these projects within budget and on time.

- R.H. Stafford Library: estimated sales tax is \$600,000.
- Public Works South Shop: estimated sales tax is \$1 million.

