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Members of the Tax Expenditure Review Committee

RE: Support for the State Housing Tax Credit Program

Dear Committee Members,

On behalf of Digi-Key, I am writing to express our strong support for the State Housing Tax Credit (SHTC) Program.

Minnesota faces an estimated shortage of more than 100,000 housing units, a challenge that cannot be solved through public funding alone. The SHTC program has proven to be an effective way to leverage private-sector investment to address this need. The fact that 2026 credits were fully subscribed in less than two hours demonstrates both the demand for housing and the value of this program.

Digi-Key participated in the program in 2024 and 2025, committing $3.5 million to support a 65-unit workforce housing development in Thief River Falls. This project would not have been possible without the State Housing Tax Credit. By attracting private capital, the program helps communities develop housing that supports every type of housing, workforce growth, and economic development. We plan to continue to invest in this program in 2027, 2028, and beyond if extended.

Housing availability is one of the greatest barriers to growth in our region. Thief River Falls has a vacancy rate of just 0.3%, while high construction costs and interest rates continue to hinder new development. At the same time, Digi-Key continues to grow and hire. As the largest private employer in Greater Minnesota, with more than 3,500 employees in Thief River Falls, we hired nearly 600 employees YTD in 2026 and expect to hire approximately 750 more in 2027. Many of these employees and their families will need housing before they can relocate to our community.

The State Housing Tax Credit Program delivers measurable results by creating housing, leveraging private investment, and supporting Minnesota employers' ability to attract and retain workers. We respectfully urge the Committee to continue supporting this successful public-private partnership.

Thank you for your consideration.

Sincerely,

Mark Borseth
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