



OFFICE OF THE CHIEF COUNSEL

DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
WASHINGTON, DC 20224

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The Honorable Amy Klobuchar
United States Senator
1200 Washington Avenue South, Room 250
Minneapolis, MN 55415

Attention:

Dear Senator Klobuchar:

I'm responding to your September 5, 2023, inquiry on behalf of your constituent . They asked about the Infrastructure Investment and Jobs Act (IIJA) and the cost of replacing lead service lines owned by private property owners in Minnesota.

I apologize for the delayed response you experienced while we answer your question about replacing lead service lines in Minnesota. Our goal is to provide excellent customer service.

In your email, you noted that the Minnesota Legislature has passed legislation providing state funding, supplementing federal funding, to cover 100% of the cost of replacing lead service lines that are the responsibility of a private property owner. You asked if we include this funding in the taxable income of private property owners. You also asked when to expect a status update on the guidance.

We understand that you need clear guidance concerning the possible federal income tax implications of these subsidies for individual homeowners. We continue to gather information and consider all pertinent facts and related issues, which vary by jurisdiction. We are working expeditiously to address this issue as soon as is practicable.

We sincerely appreciate your outreach on this important issue. If you have questions, please contact

, at

or

, at

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Sincerely,

Amy J. Pfalzgraf, Branch 5 Chief
Income Tax & Accounting