

March 18, 2024

	Yes	No
DOR Administrative Costs/Savings		x

Department of Revenue
Analysis of H.F. 3559 (Cha) / S.F. 3548 (Mitchell)

	Fund Impact			
	<u>F.Y. 2024</u>	<u>F.Y. 2025</u>	<u>F.Y. 2026</u>	<u>F.Y. 2027</u>
		(000's)		
General Fund	\$0	(\$650)	(\$650)	(\$650)
Natural Resources and Arts Funds	\$0	(\$40)	(\$40)	(\$40)
Total – All Funds	\$0	(\$690)	(\$690)	(\$690)

Effective retroactively for sales and purchases made after December 31, 2023.

EXPLANATION OF THE BILL

The bill would exempt materials and supplies used in and equipment incorporated into the construction, reconstruction, upgrade, expansion, renovation, or remodeling of a water treatment facility, including water pipeline infrastructure and associated improvements in the city of Woodbury. The exemption would only apply to purchases made after January 31, 2024 and before January 1, 2029.

REVENUE ANALYSIS DETAIL

- The estimate is based on project information provided by City of Woodbury.
- The total project cost funded directly by the city of Woodbury is estimated to be \$40 million.
- The total cost of materials is estimated to be \$30 million.
- It is assumed that the bill limits the refund to the portion of the project paid from the city’s own-source revenues.
- The project will begin in 2024 and complete in 2028. The distribution of expected refund claims is assumed based on the project timeline.

Minnesota Department of Revenue
Tax Research Division
[https://www.revenue.state.mn.us/
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