

March 6, 2023

	<b>Yes</b>	<b>No</b>
<b>DOR Administrative Costs/Savings</b>		<b>X</b>

Department of Revenue  
Analysis of S.F. 1589 (Eichorn) / H.F. 2410 (Lislegard)

	<b>Fund Impact</b>			
	<b>F.Y. 2024</b>	<b>F.Y. 2025</b>	<b>F.Y. 2026</b>	<b>F.Y. 2027</b>
	(000's)			
General Fund	(\$50)	(\$60)	(\$60)	(\$60)
Natural Resources and Arts Funds	(Negl.)	(Negl.)	(Negl.)	(Negl.)
Total – All Funds	(\$50)	(\$60)	(\$60)	(\$60)

Effective for sales and purchases made after June 30, 2023.

**EXPLANATION OF THE BILL**

**Current Law:** Sales of tangible personal property to nonprofit snowmobile clubs used primarily for grooming of state trails are exempt. The exemption applies to grooming machines, attachments, other associated accessories, and repair parts. A nonprofit snowmobile club is eligible for the exemption if it received, in the current year or in the previous three-year period, a state grant-in-aid maintenance and grooming grant administered by the Department of Natural Resources.

**Proposed Law:** The bill would expand the exemption to include sales of materials and supplies used or consumed in, and equipment incorporated into, the construction, reconstruction, maintenance, or improvement of state or grant-in-aid snowmobile trails.

**REVENUE ANALYSIS DETAIL**

- The Department of Natural Resources reports providing 178 grants totaling \$7.3 million in FY 2023 for grooming and trail maintenance. Additional one-time funding of \$650,000 was provided for FY 2023.
- It is estimated that 10% of the grant-in-aid money is spent on taxable materials, supplies, and equipment.
- The estimate is increased by 5% for spending on materials and supplies from other snowmobile club revenues.
- It is assumed that expenditures will increase by 1% per year.

Minnesota Department of Revenue  
Tax Research Division  
<https://www.revenue.state.mn.us/revenue-analyses>