

March 16, 2022

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

Department of Revenue  
Analysis of H.F. 1960 (Igo) / S.F. 1824 (Eichorn)

	<b>Fund Impact</b>			
	<b><u>F.Y. 2022</u></b>	<b><u>F.Y. 2023</u></b>	<b><u>F.Y. 2024</u></b>	<b><u>F.Y. 2025</u></b>
			(000's)	
General Fund	\$0	\$0	(\$250)	(\$250)
Natural Resources and Arts Funds	<u>\$0</u>	<u>\$0</u>	<u>(\$10)</u>	<u>(\$10)</u>
Total – All Funds	\$0	\$0	(\$260)	(\$260)

Effective retroactively from May 1, 2021.

**EXPLANATION OF THE BILL**

The bill provides a sales and use tax exemption for materials and supplies used in the new construction, upgrades, and remodeling to the Itasca County courts and courthouse in conjunction and coordination with the new construction of a correctional facility. The exemption would apply to materials and supplies if purchased after April 30, 2021, and before January 1, 2025. The exemption would be administered as a refund.

**REVENUE ANALYSIS DETAIL**

- Information for the estimates was provided by a representative of Itasca County.
- The total cost of the project is estimated to be \$75 million.
- Total construction costs for the project are estimated to be \$50 million.
- It is estimated that materials and supplies will total \$20.8 million.
- It is estimated that \$13.2 million of materials and supplies would already be exempt under 297A.71, Subdivision 3.
- Based on an estimated construction timeline provided by Itasca County, it is assumed that refunds will be paid in fiscal year 2024 and 2025.

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