

February 7, 2025

	Yes	No
DOR Administrative Costs/Savings		X

Department of Revenue
Analysis of S.F. 167 (Gruenhagen)

	Fund Impact			
	F.Y. 2026	F.Y. 2027	F.Y. 2028	F.Y. 2029
		(000's)		
General Fund	(\$600)	\$0	\$0	\$0
Natural Resources and Arts Funds	(\$30)	\$0	\$0	\$0
Total – All Funds	(\$630)	\$0	\$0	\$0

Effective retroactively for sales and purchases made after February 28, 2022, and before February 1, 2026.

EXPLANATION OF THE BILL

The bill would provide a sales and use tax exemption for materials, supplies, and equipment used in the construction, reconstruction, upgrade, expansion, renovation, or remodeling of a new water tower and a wastewater treatment facility in the city of Watertown. The exemption would be administered as a refund. Refunds would not be issued until after June 30, 2025.

REVENUE ANALYSIS DETAIL

- Information for the estimates was provided by a representative of the city of Watertown.
- Total project costs for both projects are \$23.7 million.
- Total construction costs are \$20.9 million.
- Taxable materials costs are \$9.2 million.
- It is assumed that all refunds will be claimed and paid in fiscal year 2026 based on the project timeline provided.

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