

March 17, 2021

*State Taxes Only – See Separate
Analysis for Other Impacts*

	Yes	No
DOR Administrative Costs/Savings		X

Department of Revenue
Analysis of H.F. 1329 (Anderson) As Proposed to be Amended (H1329A1)

	Fund Impact			
	<u>F.Y. 2022</u>	<u>F.Y. 2023</u>	<u>F.Y. 2024</u>	<u>F.Y. 2025</u>
	(000's)			
General Fund	\$0	(\$60)	\$0	\$0
Natural Resources and Arts Funds	<u>\$0</u>	<u>(\$5)</u>	<u>\$0</u>	<u>\$0</u>
Total – All Funds	\$0	(\$65)	\$0	\$0

Effective the day following final enactment.

EXPLANATION OF THE BILL

Current Law: A fire occurred in the city of Melrose on September 8, 2016. A sales and use tax exemption was enacted in 2017 for building materials, supplies, and equipment used in the construction or replacement of property affected by the fire that were purchased after September 30, 2016, and before January 1, 2019.

In 2019, the effective date of the sales and use tax exemption was extended to January 1, 2023.

Proposed Law: The bill, as proposed to be amended, would extend the date for the sales and use tax exemption by six months to July 1, 2023.

REVENUE ANALYSIS DETAIL

- A representative from the city of Melrose provided information for the estimate.
- It is assumed that the exemption will apply to one construction project.
- The construction costs for materials, supplies, and equipment are estimated to be \$2.75 million.
- It is estimated that 30% of the project purchases will be made after January 1, 2023, and before July 1, 2023.

Minnesota Department of Revenue
Tax Research Division
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