

February 10, 2021

	Yes	No
DOR Administrative Costs/Savings		X

Department of Revenue
Analysis of S.F. 477 (Tomassoni) / H.F. 525 (Lislegard)

	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	(\$660)	(\$230)	(\$230)	\$0
Natural Resources and Arts Funds	(\$40)	(\$10)	(\$10)	\$0
Total – All Funds	(\$700)	(\$240)	(\$240)	\$0

Effective retroactively from May 1, 2020.

EXPLANATION OF THE BILL

The bill would exempt materials, supplies, and equipment used in construction, reconstruction, upgrade, expansion, or remodeling of a regional public safety center and training facility in the city of Virginia from the sales and use tax. The exemption would apply to purchases after May 1, 2021, and before May 1, 2023.

The bill would also exempt materials, supplies, and equipment used in the construction, reconstruction, upgrade, expansion, or remodeling of the Miner’s Memorial recreation complex and convention center in the city of Virginia from the sales and use tax. The exemption would apply to purchases after May 1, 2020, and before May 1, 2022.

The sales tax for the two projects would be imposed and refunded.

REVENUE ANALYSIS DETAIL

- Information for the estimates was provided by a representative from the city of Virginia.
- The public safety center project is estimated to cost approximately \$20 million.
- The Miners Event and Convention Center is estimated to cost approximately \$38 million.
- Total construction costs for materials, supplies, and equipment are estimated to be \$7 million for the public safety center and \$10.2 million for the event center.
- It is assumed that the public safety center project will start in summer 2022 and be completed in fall 2023. The event center project started in April 2020 and is expected to be completed in October 2021.
- It is assumed that refunds for the public safety center project will be claimed and paid in fiscal years 2023 and 2024. It is assumed that refunds for the event center project will be claimed and paid in fiscal year 2022.

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