

March 9, 2021

	Yes	No
DOR Administrative Costs/Savings		X

Department of Revenue
Analysis of H.F. 1561 (Lislegard) / S.F. 1380 (Tomassoni)

	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	(\$1,430)	(\$1,130)	(\$210)	\$0
Natural Resources and Arts Funds	<u>(\$80)</u>	<u>(\$60)</u>	<u>(\$10)</u>	<u>\$0</u>
Total – All Funds	(\$1,510)	(\$1,190)	(\$220)	\$0

Effective retroactively from May 2, 2019.

EXPLANATION OF THE BILL

The bill provides an exemption from the sales and use tax for materials, supplies, and equipment used in the construction, reconstruction, upgrade, expansion, or remodeling of two new elementary schools and a new high school in Independent School District No. 2909, Rock Ridge Public Schools. The exemption would be administered as a refund and would apply to purchases made after May 1, 2019, and before January 1, 2024.

REVENUE ANALYSIS DETAIL

- Information for the estimates was provided by a representative of Independent School District No. 2909.
- Total construction costs for the three projects is estimated to be approximately \$142 million.
- Total costs for materials, supplies, and equipment are estimated to be \$42.6 million.
- Construction on the Eveleth-Gilbert Elementary School began in May 2020 and is expected to be completed in November 2021. Construction on the Rock Ridge High School began in July 2020 and is expected to be completed in January 2023. Construction on the Virginia Elementary School is expected to begin in February 2022 and be completed in January 2024.
- Based on expected project timelines, it is assumed that claims for refund will be filed and paid in fiscal years 2022, 2023, and 2024.

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