

MINNESOTA • REVENUE

SALES AND USE TAX

Duluth Entertainment & Convention Center Retroactive Exemption

April 7, 2003

	Yes	No
Separate Official Fiscal Note Requested		
Fiscal Impact		
DOR Administrative Costs/Savings		

Department of Revenue
Analysis of S.F. 527 (Solon) / H.F. 126 (Jaros)

	<u>Revenue Gain or (Loss)</u>				
	<u>F.Y. 2003</u>	<u>F.Y. 2004</u>	<u>F.Y. 2005</u>	<u>F.Y. 2005</u>	<u>F.Y. 2007</u>
			(000's)		
General Fund	(\$22)	\$0	\$0	\$0	\$0

Effective retroactively to sales and purchases made from July 1, 1995, through June 30, 2001.

EXPLANATION OF THE BILL

Current Law: Sales to and purchases by state government have been taxable since 1987, and local units of government have generally been taxable since 1992. Laws 1995, chapter 264, article 2, section 31 gave the State Convention Center in Duluth, known as the Duluth Entertainment and Convention Center (DECC), a sales and use tax exemption for construction materials and supplies used or consumed in constructing improvements to the facility. The exemption expired on July 1, 2001. The former exemption did not apply to moveable equipment, furniture, and other items not incorporated into the structure.

Proposed Law: The bill provides a retroactive exemption for building materials, supplies, or equipment used or consumed in constructing and equipping improvements to the DECC. The exemption would apply whether the items are purchased by the DECC or by a construction contractor.

REVENUE ANALYSIS DETAIL

- The estimate was based on information from the DECC business office. The amount of sales and use tax on the purchases that would be exempted under the proposal is \$22,000.

Source: Minnesota Department of Revenue
Tax Research Division

<http://www.taxes.state.mn.us/polic.html#analyses>

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