

# MINNESOTA • REVENUE

## SALES AND USE TAX Plainview-Elgin Sanitary District Facility

May 1, 2006

Department of Revenue  
Analysis of H.F. 3769 (Wolti) / S.F. 3592 (Kiscaden)

|                                     | Yes | No |
|-------------------------------------|-----|----|
| DOR Administrative<br>Costs/Savings |     | X  |

|              | <u>Fund Impact</u> |                  |                  |                  |
|--------------|--------------------|------------------|------------------|------------------|
|              | <u>F.Y. 2006</u>   | <u>F.Y. 2007</u> | <u>F.Y. 2008</u> | <u>F.Y. 2009</u> |
| General Fund | \$0                | (\$73)           | (\$73)           | \$0              |

(000's)

Effective for the period April 12, 2006, through December 30, 2007

### EXPLANATION OF THE BILL

**Current Law:** Building materials, supplies, and equipment incorporated into a construction project are normally considered taxable retail sales and are subject to sales or use tax.

**Proposed Law:** The bill exempts materials, supplies, and equipment incorporated into the expansion and improvement of a wastewater treatment facility owned and operated by the Plainview-Elgin Sanitary District. The bill requires that sales or use tax be paid on the items. The Plainview-Elgin Sanitary District would subsequently file a claim for refund. Where construction contractors acquired the items, they must document to the district the amount of sales or use tax paid on the project.

### REVENUE ANALYSIS DETAIL

- The estimate was based on information provided by the sanitary district.
- The total project cost is estimated at \$5 million.
- It was estimated that 45% of the total cost is for construction materials, supplies, and installed equipment.
- It was estimated that construction will begin in July 2006 and be completed by December 2007.
- It was further estimated that 50% of the tax refunds would be paid in fiscal year 2007 and 50% in fiscal year 2008.

**Number of Taxpayers:** One facility

Source: Minnesota Department of Revenue  
Tax Research Division  
[http://www.taxes.state.mn.us/taxes/legal\\_policy](http://www.taxes.state.mn.us/taxes/legal_policy)