

# MINNESOTA • REVENUE

## SALES AND USE TAX Champlin Civic Center / Public Safety Building

April 18, 2006

Department of Revenue  
Analysis of H.F. 3772 (Dittrich) / S.F. 3443 (Foley)

	Yes	No
DOR Administrative Costs/Savings		X

### Fund Impact

	<u>F.Y. 2006</u>	<u>F.Y. 2007</u>	<u>F.Y. 2008</u>	<u>F.Y. 2009</u>
			(000's)	
General Fund	\$0	(\$170)	(\$55)	\$0

Effective for the period May 1, 2006, through December 31, 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 and supplies used in, and equipment incorporated into, the construction, improvement, or expansion of the civic center/public safety building in the city of Champlin.

### REVENUE ANALYSIS DETAIL

- The estimate was based on information from the city of Champlin.
- The amount of sales or use tax to be paid on the project is estimated at approximately \$225,000.
- Construction is planned to begin in August 2006 and be completed by December 2007.
- It was estimated that 75% of normally taxable purchases would occur in fiscal year 2007 and 25% 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)

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