

# MINNESOTA • REVENUE

## SALES AND USE TAX Minnetonka Water Treatment Facility

February 15, 2007

	Yes	No
DOR Administrative Costs/Savings		X

Department of Revenue

Analysis of S.F. 577 (Bonoff) / H.F. 929 (Ruud)

	<u>Fund Impact</u>			
	<u>F.Y. 2008</u>	<u>F.Y. 2009</u>	<u>F.Y. 2010</u>	<u>F.Y. 2011</u>
General Fund	(\$140)	\$0	\$0	\$0

Effective retroactively for sales and purchases made before December 31, 2006.

### EXPLANATION OF THE BILL

**Current Law:** Sales of construction materials and supplies, as well as installed equipment, are generally taxable.

**Proposed Law:** The bill provides a retroactive sales and use tax exemption for materials and supplies used in and equipment incorporated into constructing a water treatment plant owned by the city of Minnetonka. The tax on such items must first be paid and a claim for refund filed by the city with the Department of Revenue.

### REVENUE ANALYSIS DETAIL

- Construction of this project began in May 2004 and was completed in January 2006.
- The Minnetonka city finance office reports that a refund of \$140,000 in sales and use tax would be claimed under the provisions of the bill. This analysis assumes that the money would be refunded 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)