

MINNESOTA • REVENUE

SALES AND USE TAX

Legal Reference and Data Center Facility

March 2, 2007

Department of Revenue

Analysis of S.F. 897 (Carlson) / H.F. 1138 (Masin)

	Yes	No
DOR Administrative Costs/Savings		X

Fund Impact

	<u>F.Y. 2008</u>	<u>F.Y. 2009</u>	<u>F.Y. 2010</u>	<u>F.Y. 2011</u>
			(000's)	
General Fund	(\$3,815)	(\$2,295)	(\$1,495)	(\$1,100)

Effective for sales and purchases made after December 31, 2006, and before January 1, 2012

EXPLANATION OF THE BILL

Construction materials, supplies, fixtures, equipment, and other moveable tangible property are normally subject to the sales and use tax.

The bill provides an exemption for construction materials and supplies used or consumed in and equipment incorporated into constructing, improving, renovating, or expanding a legal reference office and data center facility if the facility is engaged in the development or provision of print or on-line legal reference products and services or consultative services, and if the total capital investment made in the facility is at least \$60 million. The exemption would also apply all machinery, equipment, appliances, furniture, fixtures, technical equipment, and software necessary to provide the services.

REVENUE ANALYSIS DETAIL

- It was assumed that the exemption would apply only to the renovation and expansion planned for the Thomson West facility in Eagan.
- The estimate is based on information supplied by Thomson West.
- Normally taxable expenditures are expected to begin during the current fiscal year, FY 2007, and be completed by December 31, 2011 (FY 2012).
- The work is planned in two stages. The first is expansion and renovation of a data center and lab, and construction of a new office building. The second is construction and equipping of a new data center and lab. Computers and other information technology equipment will be acquired throughout the project.
- It was assumed that refunds of tax paid prior to enactment of the exemption would be made 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