

MINNESOTA • REVENUE

SALES AND USE TAX Washington County Courts Facility

March 6, 2007

Department of Revenue
Analysis of S.F. 1136 (Sieben)/ H.F. 1516 (Swails)

	Yes	No
DOR Administrative Costs/Savings		X

	<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	\$0	(\$800)	(\$800)	\$0

Effective for sales and purchases made after June 30, 2007, and before January 1, 2010.

EXPLANATION OF THE BILL

Construction materials, supplies, and equipment are normally subject to the sales and use tax.

The bill provides an exemption for building materials and supplies used or consumed in, and equipment incorporated into, the construction, improvement, or expansion of the Washington County courts facility. The exemption would also apply to court security machines and 911 call center equipment. The tax would be imposed and collected at the 6.5% rate and then refunded to Washington County.

REVENUE ANALYSIS DETAIL

- The estimate is based on information supplied by a representative for Washington County.
- The total project cost is estimated to be \$50 million for a facility to be built in Stillwater.
- The request for bid process for the project has not been completed.
- It is estimated that 50% of the total project costs will be spent on items that would normally be subject to sales tax.
- Normally taxable expenditures are expected to begin during fiscal year 2008 and extend through fiscal year 2009 and the first six months of fiscal year 2010.
- It was assumed that refunds of tax paid would be made equally in fiscal years 2009 and 2010.

Number of Taxpayers: One facility

Source: Minnesota Department of Revenue
Tax Research Division
http://www.taxes.state.mn.us/taxes/legal_policy