

MINNESOTA • REVENUE

SALES AND USE TAX Biopharmaceutical Manufacturing Facility Refunds

March 25, 2014

Department of Revenue
Analysis of H.F. 3272 (Lenczewski)

| | Yes | No |
|-------------------------------------|-----|----|
| DOR Administrative Costs/Savings | | X |

| | Fund Impact | | | |
|-----------|-------------------------|-------------------------|-------------------------|-------------------------|
| | <u>F.Y. 2014</u> | <u>F.Y. 2015</u> | <u>F.Y. 2016</u> | <u>F.Y. 2017</u> |
| All Funds | \$0 | \$0 | \$0 | \$0 |

Effective the day following final enactment.

EXPLANATION OF THE BILL

In 2013 an exemption was enacted for materials and supplies used or consumed in the construction, improvement, or expansion of a biopharmaceutical manufacturing facility. To qualify for the exemption the facility must invest at least \$50 million and create and maintain 190 full time equivalent employees. This exemption is administered as a refund and no refunds can be issued until the Department of Employment and Economic Development has certified that the facility has met the qualification criteria. The exemption applies to sales and purchases made between January 1, 2012, and June 30, 2019.

This bill would prohibit a qualified biopharmaceutical manufacturing facility from applying for any sales and use tax refunds before June 30, 2015.

REVENUE ANALYSIS DETAIL

- Based on spending and hiring projections from the company eligible for this exemption, it will not reach the qualification thresholds until fiscal year 2017. Because the company will not be qualified until fiscal year 2017, the analysis for the 2013 legislative session estimated there would not be any refunds before fiscal year 2017 and that was reflected in the end-of-session budget numbers.

Source: Minnesota Department of Revenue
Tax Research Division
[www.revenue.state.mn.us/research_stats/Pages/
Revenue-Analyses.aspx](http://www.revenue.state.mn.us/research_stats/Pages/Revenue-Analyses.aspx)