

# MINNESOTA • REVENUE

## SALES AND USE TAX Library Construction Materials

March 11, 2014

Department of Revenue  
Analysis of S.F. 2120 (Dahms) / H.F. 2709 (Swedzinski)

	Yes	No
DOR Administrative Costs/Savings		X

	<b>Fund Impact</b>			
	<b><u>F.Y. 2014</u></b>	<b><u>F.Y. 2015</u></b>	<b><u>F.Y. 2016</u></b>	<b><u>F.Y. 2017</u></b>
			(000's)	
General Fund	(\$16)	(\$31)	\$0	\$0
Natural Resources and Arts Funds	<u>(\$1)</u>	<u>(\$2)</u>	<u>\$0</u>	<u>\$0</u>
Total – All Funds	(\$17)	(\$33)	\$0	\$0

Effective materials and supplies used in construction occurring between April 1, 2014, and July 1, 2015.

### EXPLANATION OF THE BILL

The bill would create a sales and use tax exemption for building materials and supplies donated by a private entity and used in the construction of an addition to a county library.

The bill is expected to be amended to provide that the exemption would apply to materials and supplies *purchased and* donated by a private entity and used in the construction of an addition to a county library. The analysis for this bill is based on the adoption of this amendment.

### REVENUE ANALYSIS DETAIL

- It is expected that the exemption would apply to only one project.
- This estimate is based on a \$1.6 million project for the Marshall-Lyons County Public Library.
- Materials are assumed to be 45% of the total cost of the construction project.
- The exact breakdown of cost between fiscal years is not known at this point. This estimate assumes that one third of the cost will be in fiscal year 2014 and two thirds of the cost will be in fiscal year 2015.

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)