

January 28, 2019

	Yes	No
DOR Administrative Costs/Savings		X

Department of Revenue
Analysis of S.F. 202 (Klein) / H.F. 279 (Richardson)

	Fund Impact			
	<u>F.Y. 2020</u>	<u>F.Y. 2021</u>	<u>F.Y. 2022</u>	<u>F.Y. 2023</u>
		(000's)		
General Fund	(\$280)	\$0	\$0	\$0
Natural Resources and Arts Funds	<u>(\$20)</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Total – All Funds	(\$300)	\$0	\$0	\$0

Effective retroactively for purchases made after June 30, 2018, and before January 1, 2021.

EXPLANATION OF THE BILL

Current Law: Generally, construction materials, supplies, and equipment are subject to the sales and use tax.

Proposed Law: The bill provides an exemption from the sales and use tax for materials and supplies used in and equipment incorporated in the construction of a new fire station, which includes firefighting and safety training facilities and public safety facilities, in the city of Inver Grove Heights. The sales tax is to be imposed and then refunded.

REVENUE ANALYSIS DETAIL

- The estimates are based on project information provided by the city administrator and fire chief.
- Total construction costs of the building are estimated to be \$8.7 million. It is assumed the cost of materials that would be exempt is \$4.3 million.
- Construction on the project began in October of 2018, and is expected to be completed by fall of 2019. It is assumed that one refund will be applied for in fiscal year 2020.

Minnesota Department of Revenue
Tax Research Division
www.revenue.state.mn.us/research/stats/Pages/Revenue-Analyses.aspx