DEPARTMENT OF REVENUE

SALES AND USE TAX
City of Melrose Construction

February 13, 2019

	Yes	No
DOR Administrative Costs/Savings		x

State Taxes Only – See Separate Analysis of Property Tax Provision

Department of Revenue
Analysis of H.F. 215 (Anderson) / S.F. 288 (Westrom)

	Fund Impact			
	F.Y. 2020	**F.Y. 2021**	**F.Y. 2022**	**F.Y. 2023**
	(000's)			
General Fund	($80)	($80)	($20)	$0
Natural Resources and Arts Funds	($5)	($5)	(negl.)	$0
Total – All Funds	($85)	($85)	($20)	$0

Effective retroactively from January 1, 2019.

EXPLANATION OF THE BILL

Current Law: A fire affected the city of Melrose on September 8, 2016. A sales and use tax exemption was enacted in 2017 for materials, supplies, and equipment used in the construction or replacement of property affected by the fire. The effective date was retroactive for sales and purchases after September 30, 2016 and before January 1, 2019.

Proposed Law: The bill would change the end date for the sales and use tax exemption from January 1, 2019 to January 1, 2023.

REVENUE ANALYSIS DETAIL

- A representative from the city of Melrose provided information for the estimates.
- The construction costs for materials, supplies, and equipment are estimated to be $2.7 million.
- It is expected that 45% of the costs will be spent in fiscal years 2020 and 2021, and 10% of the costs will be spent in fiscal year 2022.

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

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