

**PROPERTY TAX  
Local Governments and Nonprofits  
Sales Tax Exemption for Construction  
Materials**

February 11, 2019

**Property Taxes and Local Aids Only --  
See Separate Analysis for State Taxes**

	<b>Yes</b>	<b>No</b>
DOR Administrative Cost/Savings		X

Department of Revenue  
Analysis of H.F. 0670 (Freiberg) / S.F. 0901 (Rest) as introduced

	<b>Fund Impact</b>			
	<b>FY2020</b>	<b>FY2021</b>	<b>FY2022</b>	<b>FY2023</b>
	(000's)			
Property Tax Refund Interaction	\$0	\$490	\$500	\$510
Income Tax Interaction	\$0	\$370	\$380	\$390

Effective beginning with taxes payable in 2020.

**EXPLANATION OF THE BILL**

See sales and use tax analysis for a description of the bill.

**REVENUE ANALYSIS DETAIL**

- It is assumed that the reduction in sales tax paid by counties and cities would reduce property tax levies for a portion of the savings. This would reduce property taxes on all property classes including homesteads.
- The reduced property tax burden would reduce state-paid homeowner property tax refunds and income tax deductions beginning in FY 2021, resulting in a savings to the state general fund.

Source: Minnesota Department of Revenue  
Property Tax Division - Research Unit  
[www.revenue.state.mn.us/research\\_stats/pages/revenue-analyses.aspx](http://www.revenue.state.mn.us/research_stats/pages/revenue-analyses.aspx)

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