

**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**

	Yes	No
DOR Administrative Cost/Savings		X

Department of Revenue
Analysis of H.F. 0779 (Swedzinski) as introduced

	Fund Impact			
	FY2020	FY2021	FY2022	FY2023
	(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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