

February 27, 2019

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

Department of Revenue  
Analysis of H.F. 1491 (Davids) / S.F. 1646 (Eichorn)

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

Effective for sales and purchases made after June 30, 2019.

**EXPLANATION OF THE BILL**

The bill would exempt building materials and supplies purchased by a nonprofit snowmobile club to construct, reconstruct, or maintain or improve state or grant-in-aid trails from the sales and use tax. A nonprofit snowmobile club would be eligible for the exemption if it received a state grant-in-aid grant from the Department of Natural Resources in the current year or in the previous three-year period.

**REVENUE ANALYSIS DETAIL**

- The Department of Natural Resources reports providing 178 grants totaling \$7.2 million in fiscal year 2019 for grooming and trail maintenance. Additional one-time funding of \$1.2 million was provided for fiscal years 2019.
- The Department of Natural Resources estimates that 50% of the grant money is spent on grooming of trails and 50% on maintaining trails.
- It is estimated that 5% of the grant-in-aid money is spent on taxable building materials and supplies.
- The estimate is increased by 5% for spending on building materials and supplies from other snowmobile club revenues.
- It is assumed that expenditures will increase by 1% per year.

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)