

March 11, 2020

|   |            |           |
|---|------------|-----------|
|   | <b>Yes</b> | <b>No</b> |
| <b>DOR Administrative<br/>Costs/Savings</b> |            | <b>X</b>  |

Department of Revenue

Analysis of S.F. 3145 (Rosen) As Proposed to be Amended (SCS3145-A2)

|                                  | <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                     | \$0                     | (\$250)                 | \$0                     | \$0                     |
| Natural Resources and Arts Funds | <u>\$0</u>              | <u>(\$10)</u>           | <u>\$0</u>              | <u>\$0</u>              |
| Total – All Funds                | \$0                     | (\$260)                 | \$0                     | \$0                     |

Effective for sales and purchases made after December 1, 2017, and before April 1, 2020.

**EXPLANATION OF THE BILL**

The bill provides an exemption from the sales tax for materials, supplies, and equipment used in the construction, reconstruction, upgrade, expansion, or remodeling of a senior living and care facility located in Martin County or Faribault County. The senior living and care facility is required to: 1) be exempt under 501(c)(3) of the Internal Revenue Code, 2) provide assisted living, memory care, and senior living services, and 3) charge some or all recipients of services based on ability to pay. The exemption would be administered as a refund.

**REVENUE ANALYSIS DETAIL**

- It is assumed that the exemption would apply to one organization.
- The senior care facility project was estimated to cost approximately \$7.5 million.
- Total construction costs for materials, supplies, and equipment were estimated to be \$3.8 million.
- The project began in the fall of 2018 and was completed in the fall of 2019.
- It is assumed that a refund will be claimed and paid in fiscal year 2021.

Minnesota Department of Revenue  
Tax Research Division  
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