

March 10, 2020

Preliminary Estimates

	Yes	No
DOR Administrative Costs/Savings		X

Department of Revenue
Analysis of S.F. 3932 (Anderson, P.) / H.F. 4074 (Acomb)

	Fund Impact			
	<u>F.Y. 2020</u>	<u>F.Y. 2021</u>	<u>F.Y. 2022</u>	<u>F.Y. 2023</u>
		(000's)		
General Fund	\$0	\$0	(\$480)	\$0
Natural Resources and Arts Funds	<u>\$0</u>	<u>\$0</u>	<u>(\$30)</u>	<u>\$0</u>
Total – All Funds	\$0	\$0	(\$510)	\$0

Effective the day following final enactment.

EXPLANATION OF THE BILL

Current Law: Construction materials, supplies, and equipment used in the development of a new fire and police station in the city of Minnetonka are exempt when purchased after May 23, 2019, and before January 1, 2021. The exemption also applies to access roads, lighting, sidewalks, and utility components necessary for the fire and police station. Total refund claims are limited to \$850,000.

Proposed Law: The bill would extend the exemption until January 1, 2022.

REVENUE ANALYSIS DETAIL

- Information for the estimates was provided by a representative of the city of Minnetonka.
- The total cost of the projects is estimated to be \$30 million.
- Construction costs for materials, supplies, and equipment are estimated to be \$15 million.
- It is estimated that 40% of the purchases will occur prior to January 1, 2021, and be exempted by current law. It is estimated that 60% of the purchases will be made in the extended time period and refunds will be paid in fiscal year 2022.

Minnesota Department of Revenue
Tax Research Division
<https://www.revenue.state.mn.us/revenue-analyses>