

March 9, 2021

	Yes	No
DOR Administrative Costs/Savings		X

Department of Revenue
Analysis of H.F. 1893 (Sandstede) / S.F. 1742 (Tomassoni)

	Fund Impact			
	<u>F.Y. 2022</u>	<u>F.Y. 2023</u>	<u>F.Y. 2024</u>	<u>F.Y. 2025</u>
	(000's)			
General Fund	(\$130)	(\$220)	\$0	\$0
Natural Resources and Arts Funds	<u>(\$10)</u>	<u>(\$10)</u>	<u>\$0</u>	<u>\$0</u>
Total – All Funds	<u>(\$140)</u>	<u>(\$230)</u>	<u>\$0</u>	<u>\$0</u>

Effective retroactively from May 2, 2019.

EXPLANATION OF THE BILL

The bill would exempt materials and supplies used in and equipment incorporated into the construction, reconstruction, upgrade, expansion, or remodeling of the addition of an Early Childhood Family Education Center to an existing elementary school and improvements to an existing athletic facility in Independent School District No 701, Hibbing Public Schools, from the sales and use tax.

The exemption would apply after May 1, 2019, and before January 1, 2025. The sales tax would be imposed and refunded.

REVENUE ANALYSIS DETAIL

- Information for the estimates was provided by a representative from Independent School District No. 701, Hibbing Public Schools.
- The improvements to Cheever Field athletic center are estimated to cost \$4.6 million.
- The construction costs for materials, supplies, and equipment for Cheever Field are estimated to be \$2 million.
- It is assumed that the Cheever Field project will start in May 2021 and be completed by September 2021. It is assumed that refunds for the Cheever Field project will be claimed and paid in fiscal year 2022.
- The addition of an Early Childhood Family Education center to an existing public elementary school is estimated to cost \$9.5 million.
- The construction costs for materials, supplies, and equipment for the ECFE center are estimated to be \$3.4 million.
- It is assumed that the ECFE center project will start in May 2021 and be completed by August 2022. It is assumed that refunds for the EFCE center will be claimed and paid in fiscal year 2023.

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