

April 11, 2021

	Yes	No
DOR Administrative Costs/Savings		X

Department of Revenue
Analysis of H.F. 1813 (Youakim) / S.F. 2237 (Nelson)

	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	(\$980)	(\$1,680)	(\$1,310)	(\$610)
Natural Resources and Arts Funds	<u>(\$60)</u>	<u>(\$100)</u>	<u>(\$80)</u>	<u>(\$40)</u>
Total – All Funds	(\$1,040)	(\$1,780)	(\$1,390)	(\$650)

Effective the day following final enactment.

EXPLANATION OF THE BILL

The bill provides an exemption from the sales and use tax for materials, supplies, and equipment used in the construction, reconstruction, repair, maintenance, or improvement of public infrastructure at the Minneapolis-St. Paul International Airport. Purchases would be exempt for the following projects: 1) an aircraft rescue and firefighting station, 2) a facility for the storage of trades materials and equipment, 3) terminal building roof replacement and rehabilitation, 4) baggage handling system replacement, rehabilitation, and improvement, and 5) Terminal 1 passenger arrivals and departures replacement, rehabilitation, and operational improvements.

The exemption would apply to purchases by a contractor or subcontractor after June 30, 2021, and before January 1, 2024. The sales tax would be imposed and refunded to the airport commission.

REVENUE ANALYSIS DETAIL

- Information for the estimates was provided by a representative of the Metropolitan Airports Commission.
- Total construction costs for the projects is estimated to be \$150 million.
- Total costs for materials, supplies, and equipment are estimated to be \$70.5 million.
- Based on timelines for the projects listed in the bill, it is assumed that claims for refund will be filed and paid in fiscal years 2022, 2023, 2024, and 2025.

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