

March 15, 2022

	Yes	No
DOR Administrative Costs/Savings		X

Department of Revenue
Analysis of H.F. 2786 (Lislegard)

	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	\$0	(\$1,320)	(\$2,750)	\$0
Natural Resources and Arts Funds	<u>\$0</u>	<u>(\$80)</u>	<u>(\$160)</u>	<u>\$0</u>
Total – All Funds	\$0	(\$1,400)	(\$2,910)	\$0

Various effective dates.

EXPLANATION OF THE BILL

The bill provides an exemption from the sales and use tax for materials, supplies, and equipment used in the following independent school district (ISD) projects:

- The construction of an administrative building and a transportation facility in ISD 709
- Renovations to the elementary school building and high school building and construction of a building connecting the elementary and high school buildings in ISD 696
- The addition of an Early Childhood Family Education Center to an existing elementary school and improvements to an existing athletic facility in ISD 701
- The construction of two new elementary school buildings and a new high school building in ISD 2909

Each exemption is retroactive and applies to sales and purchases made over a multiyear period. The exemption would be administered as refunds.

- ISD 709: effective July 1, 2021, from June 30, 2021 to January 1, 2025
- ISD 696: effective May 2, 2019, from May 1, 2019 to January 1, 2024
- ISD 701: effective May 2, 2019, from May 1, 2019 to January 1, 2025
- ISD 2909: effective May 2, 2019, from May 1, 2019 to January 1, 2024

REVENUE ANALYSIS DETAIL

- Project cost estimates were provided by school district representatives.
- Estimated total costs of materials, supplies, and equipment for all projects are \$62.7 million.
- Based on construction project timelines provided by representatives of the impacted school districts, it is assumed that all refunds will be claimed in fiscal years 2023 and 2024.

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