

March 29, 2024

	Yes	No
DOR Administrative Costs/Savings		X

Department of Revenue
Analysis of S.F. 4350 (Green) As Proposed to be Amended (SCS4350A-1)

	Fund Impact			
	<u>F.Y. 2024</u>	<u>F.Y. 2025</u>	<u>F.Y. 2026</u>	<u>F.Y. 2027</u>
		(000's)		
General Fund	\$0	(\$460)	(\$460)	\$0
Natural Resources and Arts Funds	\$0	(\$30)	(\$30)	\$0
Total – All Funds	\$0	(\$490)	(\$490)	\$0

Effective retroactively for sales and purchases made after June 30, 2023, and before October 1, 2025.

EXPLANATION OF THE BILL

The bill, as proposed to be amended, would provide a sales and use tax exemption for materials, supplies, and equipment used in the construction and equipping of a new elementary school and improvements to repurpose and remodel the existing elementary school facility. The exemption would be administered as a refund.

REVENUE ANALYSIS DETAIL

- Information for the estimate was provided by a representative of the school district.
- The project is expected to cost approximately \$43.5 million, with construction costs totaling \$35.4 million.
- It is estimated that taxable materials, supplies, and equipment will account for 40% of construction costs.
- Construction began on July 1, 2023, and is expected to be completed March 1, 2025.
- The timing of refund claims is assumed based on the construction timeline provided.

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