

March 29, 2024

	Yes	No
DOR Administrative Costs/Savings		X

Department of Revenue
Analysis of S.F. 3170 (Nelson) As Proposed to be Amended (SCS3170A-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	\$0	(\$620)	(\$620)
Natural Resources and Arts Funds	\$0	\$0	(\$40)	(\$40)
Total – All Funds	\$0	\$0	(\$660)	(\$660)

Effective retroactively for sales and purchases made after June 30, 2023, and before July 1, 2028.

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 or consumed in the construction of a sports and recreation complex in the city of Rochester. The exemption would be administered as a refund and apply to purchases made after June 30, 2023, and before July 1, 2028.

REVENUE ANALYSIS DETAIL

- Information for the estimates was provided by a representative of the city of Rochester.
- It is estimated that taxable materials, supplies, and equipment will be \$19 million.
- Construction is expected to begin in the third quarter of 2025 and conclude in the fourth quarter of 2026.
- The timing of refund claims is assumed based on the project timeline provided by the city.

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