

March 28, 2024

| | | |
|----------------------------------|------------|-----------|
| | Yes | No |
| DOR Administrative Costs/Savings | | X |

Department of Revenue
Analysis of S.F. 3392 (Dahms) / H.F. 3716 (Swedzinski)

| | 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 | (\$610) | (\$810) | \$0 |
| Natural Resources and Arts Funds | \$0 | (\$40) | (\$50) | \$0 |
| Total – All Funds | \$0 | (\$650) | (\$860) | \$0 |

Various Effective Dates.

EXPLANATION OF THE BILL

The bill would exempt materials and supplies used in and equipment incorporated into the construction, reconstruction, upgrade, expansion, renovation, or remodeling of the following projects:

Canby Independent School District, No. 891:

- A new gymnasium with improved community access
- Career technical education space addition
- HVAC upgrades
- A new eight-lane track
- Athletic field improvements and upgrades
- Stadium seating and press box renovations
- Secure entrance upgrades for both schools with associated administrative office relocations
- Renovations to existing locker rooms
- Classroom renovations
- Site drainage
- Other associated renovations

Tracy Independent School District, No. 2904:

- Tracy Elementary
- Tracy High School
- Tracy Kids World

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

- Canby ISD 891: effective for sales and purchases made after December 31, 2023, and before January 1, 2026.
- Tracy ISD 2904: effective retroactively for sales and purchases made after December 31, 2022, and before January 1, 2025.

REVENUE ANALYSIS DETAIL

Canby School District ISD 891

- The estimate is based on project information provided by the Canby School District.
- The total project cost is estimated to be \$29 million.
- The total cost of materials is estimated to be \$12.5 million.
- The project will begin in 2024 and complete in 2025. The distribution of expected refund claims is assumed based on the project timeline.

Tracy School District ISD 2904

- The estimate is based on project information provided by the Tracy School District.
- The total project cost is estimated to be \$23 million.
- The total cost of materials is estimated to be \$9.3 million.
- The project began in 2023 and is expected to be completed in 2025. The distribution of expected refund claims is assumed based on the project timeline.

Minnesota Department of Revenue
Tax Research Division
[https://www.revenue.state.mn.us/
revenue-analyses](https://www.revenue.state.mn.us/revenue-analyses)