

April 2, 2024

	Yes	No
DOR Administrative Costs/Savings		X

Department of Revenue
Analysis of S.F. 4803 (Weber) As Proposed to be Amended (SCS4803A-5)

	Fund Impact			
	F.Y. 2024	F.Y. 2025	F.Y. 2026	F.Y. 2027
	(000's)			
Adrian School District	\$0	(negl.)	(negl.)	\$0
Ellsworth School District	\$0	(\$80)	(\$80)	\$0
Heron Lake-Okabena School District	(\$50)	(\$50)	\$0	\$0
Hills-Beaver Creek School District	\$0	(\$420)	(\$420)	\$0
Martin County West School District	\$0	\$0	(\$1,080)	(\$1,080)
Round Lak-Brewster School District	\$0	(\$270)	(\$270)	(\$270)
Russell Taylor Ruthton School District	\$0	(\$1,500)	\$0	\$0
Windom School District	\$0	(\$270)	(\$270)	(\$270)
Worthington School District	<u>(\$670)</u>	<u>(\$670)</u>	<u>(\$670)</u>	<u>(\$670)</u>
General Fund – Total	(\$720)	(\$3,260)	(\$2,790)	(\$2,290)
Adrian School District	\$0	(negl.)	(negl.)	\$0
Ellsworth School District	\$0	(negl.)	(negl.)	\$0
Heron Lake-Okabena School District	(negl.)	(negl.)	\$0	\$0
Hills-Beaver Creek School District	\$0	(\$20)	(\$20)	\$0
Martin County West School District	\$0	\$0	(\$60)	(\$60)
Round Lak-Brewster School District	\$0	(\$20)	(\$20)	(\$20)
Russell Taylor Ruthton School District	\$0	(\$90)	\$0	\$0
Windom School District	\$0	(\$20)	(\$20)	(\$20)
Worthington School District	<u>(\$40)</u>	<u>(\$40)</u>	<u>(\$40)</u>	<u>(\$40)</u>
Natural Resources and Arts Funds – Total	(\$40)	(\$190)	(\$160)	(\$140)
Total – All Funds	(\$760)	(\$3,450)	(\$2,950)	(\$2,430)

Various effective dates listed below depending on projects.

EXPLANATION OF THE BILL

The bill would exempt materials and supplies used or consumed in and equipment incorporated into the roofs on the elementary and secondary school buildings in the Adrian Independent School District, No. 511. The exemption would be administered as a refund and apply to purchases made after March 31, 2024, and before September 1, 2025.

The bill would also exempt materials and supplies used in and equipment incorporated into the following projects in the Ellsworth Independent School District, No. 514:

- Replacement of a boiler system with a heating and cooling HVAC system
- Replacement of windows in the elementary wing
- Replacement of the gym roof and shop roof
- Replacement of fuel oil with propane for the new HVAC system
- Installation of a new electrical system for the new HVAC system
- Building tuckpointing
- Renovation of the bus garage

The exemption would be administered as a refund apply to purchases made after December 31, 2024, and before October 1, 2025.

The bill would also exempt materials and supplies used in and equipment incorporated into the school building updates including roof replacement, concrete work, tuckpointing, windows, flooring, bus garage doors, Heron Lake doors, bathroom fixtures and upgrades, and pool filter replacement in the Heron Lake-Okabena Independent School District, No. 330. The exemption would be administered as a refund and apply to purchases made after May 31, 2024, and before January 1, 2025.

The bill would also exempt materials and supplies used in and equipment incorporated into the construction of a new elementary school and parking lot, and repairs to a gymnasium, locker rooms, a vehicle garage, and a bus garage building in the Hills-Beaver Creek Independent School District, No. 671. The exemption would be administered as a refund and apply to purchases made after February 29, 2024, and before September 1, 2025.

The bill would also exempt materials and supplies used in and equipment incorporated into the construction of a new prekindergarten through grade 12 school building in the Martin County West Independent School District, No. 2448. The exemption would be administered as a refund and apply to purchases made after September 30, 2025, and before January 1, 2027.

The bill would also exempt materials and supplies used in and equipment incorporated into the construction of a three-story school building in the Round Lake-Brewster Independent School District, No. 2907. The exemption would be administered as a refund and apply to purchases made after December 31, 2023, and before September 1, 2026.

The bill would also exempt materials and supplies used in and equipment incorporated into the construction of a prekindergarten through grade 12 school building and athletic field in the Russell Tyler Ruthton Independent School District, No. 2902. The exemption would be administered as a refund and apply to purchases made after December 31, 2019, and before January 1, 2024.

The bill would also exempt materials and supplies used in and equipment incorporated into the construction of facility roofing projects, HVAC upgrades, athletic track replacement and outdoor athletic complex improvements in the Windom Independent School District, No. 177. The exemption would be administered as a refund and apply to purchases made after June 30, 2024, and before January 1, 2027.

The bill would also exempt materials and supplies used in and equipment incorporated into the construction of the following projects in the Worthington Independent School District, No. 518:

- Construction of a new grades 3 through 5 intermediate school building
- Construction of a new community education building to serve early childhood, adult basic education, and the Nobles County Integration Collaborative programs
- Construction of a new storage facility to serve the Worthington Intermediate School, Worthington Learning Center and Gymnastics facility, and Worthington Community Education building
- Reconstruction and replacement of the parking lot at the Worthington Middle School
- Construction of an addition to the Worthington High School and remodeling of existing space and expansion of core areas
- Construction of a new ice arena with associated event space
- Installation of a turf football field at the Worthington Middle School
- Demolition of the former West Elementary building and construction of sports fields with associated parking
- Reconstruction of Trojan Field and associated facilities
- Improvements to the Worthington Learning Center and gymnastics facility

The exemption would be administered as a refund and apply to purchases made after April 30, 2020, and before January 1, 2028.

REVENUE ANALYSIS DETAIL

Adrian School District

- The estimate is based on project information provided by Adrian School District.
- The total project cost is estimated to be \$100,000.
- The total cost of materials is estimated to be \$50,000.
- The project will begin in 2024 and complete in 2025. The distribution of expected refund claims is assumed based on the project timeline.

Ellsworth School District

- The estimate is based on project information provided by Ellsworth School District.
- The total project cost is estimated to be \$4.7 million.
- The total cost of materials is estimated to be \$2.3 million.
- The project will begin in 2025 and complete in 2025. The distribution of expected refund claims is assumed based on the project timeline.

Heron Lake-Okabena School District

- The estimate is based on project information provided by Heron Lake-Okabena School District.
- The total project cost is estimated to be \$2.4 million.
- The total cost of materials is estimated to be \$1.6 million.
- The project will begin in 2024 and complete in 2024. The distribution of expected refund claims is assumed based on the project timeline.

Hills-Beaver Creek School District

- The estimate is based on project information provided by Hills-Beaver Creek School District.
- The total project cost is estimated to be \$25.8 million.
- The total cost of materials is estimated to be \$12.9 million.
- The project will begin in 2024 and complete in 2025. The distribution of expected refund claims is assumed based on the project timeline.

Martin County West School District

- The estimate is based on project information provided by Martin County West School District.
- The total project cost is estimated to be \$66.7 million.
- The total cost of materials is estimated to be \$33.4 million.
- The project will begin in 2025 and complete in 2027. The distribution of expected refund claims is assumed based on the project timeline.

Round Lake-Brewster School District

- The estimate is based on project information provided by Round Lake Brewster School District.
- The total project cost is estimated to be \$30 million.
- The total cost of materials is estimated to be \$12.5 million.
- The project will begin in 2024 and complete in 2026. The distribution of expected refund claims is assumed based on the project timeline.

Russel Taylor Ruthton School District

- The estimate is based on project information provided by Russell Taylor Ruthton School District.
- The total project cost is estimated to be \$40.4 million.
- The total cost of materials is estimated to be \$23 million.
- The project began in 2019 and was completed in 2022. The distribution of expected refund claims is assumed based on the project timeline.

Windom School District

- The estimate is based on project information provided by Windom School District.
- The total project cost is estimated to be \$28.2 million.
- The total cost of materials is estimated to be \$12.7 million.
- The project will begin in 2024 and complete in 2026. The distribution of expected refund claims is assumed based on the project timeline.

Worthington School District

- The estimate is based on project information provided by Worthington School District.
- The total project costs funded directly by the Worthington School District is estimated to be \$97.8 million.
- The total cost of materials is estimated to be \$51.2 million.
- It is assumed that the bill limits the refund to the portion of the project paid from the school district's own-source revenues.
- The projects began in 2020 and will be completed in 2027. The distribution of expected refund claims is assumed based on the project timeline.
- A portion of the refunds are expected to be claimed outside the forecast window.

Minnesota Department of Revenue
Tax Research Division
[https://www.revenue.state.mn.us/
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