



**SALES AND USE TAX
Rochester Water Reclamation Plant**

February 19, 2025

	Yes	No
DOR Administrative Costs/Savings		X

Department of Revenue

Analysis of S.F. 10 (Nelson) As Proposed to be Amended (SCS0010A-1)

	Fund Impact			
	<u>F.Y. 2026</u>	<u>F.Y. 2027</u>	<u>F.Y. 2028</u>	<u>F.Y. 2029</u>
	(000's)			
General Fund	(\$1,890)	(\$950)	\$0	\$0
Natural Resources and Arts Funds	<u>(\$110)</u>	<u>(\$50)</u>	<u>\$0</u>	<u>\$0</u>
Total – All Funds	(\$2,000)	(\$1,000)	\$0	\$0

Effective retroactively for sales and purchases made after August 31, 2024, and before January 1, 2027.

EXPLANATION OF THE BILL

The bill would provide a sales and use tax exemption for materials, supplies, and equipment used in the construction, reconstruction, upgrade, expansion, renovation, or remodeling of a water reclamation plant in Rochester. Materials must be purchased after August 31, 2024, and before January 1, 2027 to qualify for the exemption. The exemption would be administered as a refund.

REVENUE ANALYSIS DETAIL

- Information for the estimates was provided by representatives of the city of Rochester.
- The project is expected to cost \$98 million.
- Construction costs are expected to total \$92 million.
- Taxable materials, supplies, and equipment are estimated to be \$44 million.
- The timing of refunds is assumed based on the project timeline.

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