

February 13, 2025

	Yes	No
DOR Administrative Costs/Savings		X

Department of Revenue
Analysis of S.F. 220 (Draheim)

	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	(\$710)	(\$710)	\$0	\$0
Natural Resources and Arts Funds	<u>(\$40)</u>	<u>(\$40)</u>	<u>\$0</u>	<u>\$0</u>
Total- All Funds	(\$750)	(\$750)	\$0	\$0

Various effective dates.

EXPLANATION OF THE BILL

The bill would exempt materials and supplies used or consumed in and equipment incorporated into the construction, reconstruction, upgrade, expansion, renovation, or remodeling of various projects in the city of Fairmont from the sales and use tax. The projects are as follows:

- a.) Construction of a UV/biosolids project, with the exemption being administered as a refund and apply to purchases made after September 11, 2024, and before January 11, 2027.
- b.) Construction of a storage tank, with the exemption being administered as a refund and apply to purchases made after January 1, 2025, and before June 2, 2026.
- c.) Construction of a public works building, with the exemption being administered as a refund and apply to purchases made after May 31, 2021, and before March 8, 2024.

REVENUE ANALYSIS DETAIL

- The estimate is based on project information provided by the city of Fairmont.
- The total project cost is estimated to be \$42.0 million.
- The total construction costs for materials, supplies, and equipment are estimated to be \$21.8 million.
- The projects begin in May 2021 and complete in November 2026. 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>