

February 5, 2025

	Yes	No
DOR Administrative Costs/Savings		X

Department of Revenue
Analysis of S.F. 837 (Dahms)

	Fund Impact			
	<u>F.Y. 2026</u>	<u>F.Y. 2027</u>	<u>F.Y. 2028</u>	<u>F.Y. 2029</u>
	(000's)			
Canby School District	(\$680)	\$0	\$0	\$0
Tracy School District	<u>(\$570)</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
General Fund Total	(\$1,250)	\$0	\$0	\$0
Canby School District	(\$40)	\$0	\$0	\$0
Tracy School District	<u>(\$30)</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Natural Resources and Arts Funds Total	(\$70)	\$0	\$0	\$0
Total – All Funds	(\$1,320)	\$0	\$0	\$0

Various effective dates.

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 projects in the Canby and Tracy school districts. For the Canby school district, the exemption would apply to: a new gymnasium, a career technical education space, HVAC upgrades, a new eight-lane track, athletic field improvements, stadium seating and press box renovations, secure entrance upgrades, renovations to locker rooms, classroom renovations, site drainage, and other associated renovations. The Canby exemption would be effective for purchases after December 31, 2023, and before January 1, 2026. For the Tracy school district, the exemption would apply to: Tracy Elementary, Tracy High School, and Tracy Kids World. The Tracy exemption would be effective for purchases after December 31, 2022, and before January 1, 2025.

REVENUE ANALYSIS DETAIL

- Information for the estimates were provided by representatives of the impacted school districts.
- It is estimated that taxable material costs would be \$10.4 million for the Canby school district projects and \$8.8. million for the Tracy school district projects.
- It is assumed that all refunds will be paid in FY 26 based on the project timelines provided.

Minnesota Department of Revenue
Tax Research Division
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