



**SALES AND USE TAX
Itasca County Construction**

February 7, 2025

	Yes	No
DOR Administrative Costs/Savings		X

Department of Revenue

Analysis of S.F. 972 (Farnsworth) As Proposed to be Amended (SCS0972A-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	(\$440)	\$0	\$0	\$0
Natural Resources and Arts Funds	<u>(\$30)</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Total – All Funds	(\$470)	\$0	\$0	\$0

Effective retroactively for sales and purchases made after April 30, 2021, and before January 1, 2026.

EXPLANATION OF THE BILL

The bill, as proposed to be amended, would provide a sales and use tax exemption for materials, supplies, and equipment used in the construction, reconstruction, upgrade, expansion, renovation, or remodeling of the Itasca County government center. The exemption would be administered as a refund. Claims for refund may be filed after July 1, 2025 until January 1, 2027.

REVENUE ANALYSIS DETAIL

- Information for the estimates were provided by a representative of Itasca County.
- Project costs are \$24.2 million.
- Construction costs are \$21.5 million.
- Taxable materials costs are \$6.8 million.
- It is assumed that all refunds will be claimed and paid in FY 26 due to the project timeline provided.

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