

March 10, 2025

	Yes	No
DOR Administrative Costs/Savings		X

Department of Revenue

Analysis of S.F. 1638 (Hauschild) as Proposed to be Amended (SCS1638a-1)

	<b>Fund Impact</b>			
	<b><u>F.Y. 2026</u></b>	<b><u>F.Y. 2027</u></b>	<b><u>F.Y. 2028</u></b>	<b><u>F.Y. 2029</u></b>
	(000's)			
General Fund	(\$1,250)	\$0	\$0	\$0
Natural Resources and Arts Funds	<u>(\$70)</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Total – All Funds	(\$1,320)	\$0	\$0	\$0

Effective for sales and purchases made after December 31, 2022, and before January 1, 2026.

## **EXPLANATION OF THE BILL**

The bill would exempt materials and supplies used in and equipment incorporated into the construction and improvements to Minnehaha Elementary School and William Kelly School, improvements to Two Harbors High School, and improvements or replacement of the Two Harbors and Silver Bay Bus Garages in the Lake Superior Independent School District, No. 381. The exemption would be administered as a refund and only apply to purchases made after December 31, 2022, and before January 1, 2026. Refunds for eligible purchases must not be issued until after January 1, 2026.

## **REVENUE ANALYSIS DETAIL**

- The estimate is based on project information provided by the Lake Superior School District.
- The total project cost is estimated to be \$45.2 million.
- The total cost of materials is estimated to be \$19.3 million.
- The project began in 2023 and will be complete in 2026. All taxable purchases are expected to be made by December 31, 2025. The distribution of expected refund claims is assumed based on the project timeline.

Minnesota Department of Revenue  
Tax Research Division

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