

April 18, 2022

	Yes	No
DOR Administrative Costs/Savings		X

Department of Revenue
Analysis of S.F. 4031 (Tomassoni) As Proposed to be Amended (SCS4031A-1)

	Fund Impact			
	<u>F.Y. 2022</u>	<u>F.Y. 2023</u>	<u>F.Y. 2024</u>	<u>F.Y. 2025</u>
	(000's)			
General Fund	\$0	(\$1,320)	(\$4,050)	(\$1,300)
Natural Resources and Arts Funds	\$0	(\$80)	(\$230)	(\$80)
Total – All Funds	\$0	(\$1,400)	(\$4,280)	(\$1,380)

Various effective dates.

EXPLANATION OF THE BILL

The bill, as proposed to be amended, provides an exemption from the sales and use tax for materials, supplies, and equipment used in the following projects:

- The construction of an administrative building and a transportation facility in ISD 709
- Renovations to the elementary school building and high school building and construction of a building connecting the elementary and high school buildings in ISD 696
- The addition of an Early Childhood Family Education Center to an existing elementary school and improvements to an existing athletic facility in ISD 701
- The construction of two new elementary school buildings and a new high school building in ISD 2909
- The construction and renovation for the Chisholm Elementary School, Chisholm High School, and Vaughan Steffensrud School in ISD 695
- The construction of a new school building and attached community wellness center in ISD 319
- The renovation and addition to the James Madison Building for Northland Learning Center
- The construction of a new building for Northern Lights Academy

Each exemption is retroactive and applies to sales and purchases made over a multiyear period. The exemptions would be administered as refunds.

- ISD 709: effective July 1, 2021, from June 30, 2021 to January 1, 2025
- ISD 696: effective May 2, 2019, from May 1, 2019 to January 1, 2024
- ISD 701: effective May 2, 2019, from May 1, 2019 to January 1, 2025
- ISD 2909: effective May 2, 2019, from May 1, 2019 to January 1, 2024
- ISD 695: effective January 1, 2022, from December 31, 2021 to January 1, 2025
- ISD 319: effective January 1, 2022, from December 31, 2021 to January 1, 2025
- Northland Learning: effective January 1, 2022, from December 31, 2021 to January 1, 2025
- Northern Lights: effective January 1, 2022, from December 31, 2021 to January 1, 2025

REVENUE ANALYSIS DETAIL

- Project cost estimates were provided by representatives of the impacted projects.
- Estimated total costs of materials, supplies, and equipment for all projects are \$82.7 million.
- Based on construction project timelines provided by representatives of the impacted school districts, it is assumed that refunds will be claimed in the forecast period.

Minnesota Department of Revenue
Tax Research Division
[https://www.revenue.state.mn.us/
revenue-analyses](https://www.revenue.state.mn.us/revenue-analyses)

hf2786(sf4031)_4 Certain School Building Construction / trc