

February 6, 2023

	Yes	No
DOR Administrative Costs/Savings		X

Department of Revenue
Analysis of S.F. 500 (Hauschild) As Proposed to be Amended (SCS0500A-1)

	Fund Impact			
	<u>F.Y. 2024</u>	<u>F.Y. 2025</u>	<u>F.Y. 2026</u>	<u>F.Y. 2027</u>
	(000's)			
Chisholm Public Schools	(\$420)	(\$420)	\$0	\$0
Duluth Public Schools	(\$510)	\$0	\$0	\$0
Ely Public Schools	(\$360)	\$0	\$0	\$0
Hibbing Public Schools	(\$260)	\$0	\$0	\$0
Nashwauk-Keewatin Public Schools	(\$620)	(\$620)	\$0	\$0
Northland Learning Center	(\$190)	(\$190)	\$0	\$0
Northern Lights Academy	(\$160)	(\$160)	\$0	\$0
Rock Ridge Public Schools	<u>(\$3,050)</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
General Fund Total	(\$5,570)	(\$1,390)	\$0	\$0
Chisholm Public Schools	(\$20)	(\$20)	\$0	\$0
Duluth Public Schools	(\$30)	\$0	\$0	\$0
Ely Public Schools	(\$20)	\$0	\$0	\$0
Hibbing Public Schools	(\$10)	\$0	\$0	\$0
Nashwauk-Keewatin Public Schools	(\$40)	(\$40)	\$0	\$0
Northland Learning Center	(\$10)	(\$10)	\$0	\$0
Northern Lights Academy	(\$10)	(\$10)	\$0	\$0
Rock Ridge Public Schools	<u>(\$180)</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Natural Resources and Arts Funds Total	(\$320)	(\$80)	\$0	\$0
Total – All Funds	(\$5,890)	(\$1,470)	\$0	\$0

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 and renovation for the Chisholm Elementary School, Chisholm High School, and Vaughan Steffensrud School in ISD 695
- The construction of an administrative building and a transportation facility in Duluth, 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 Ely, ISD 696

- The addition of an Early Childhood Family Education Center to an existing elementary school, improvements to an existing athletic facility, reroofing at Hibbing Washington Elementary School, and a Hibbing High School restroom remodel project in Hibbing, ISD 701
- The construction of a new school building and attached community wellness center in Nashwauk-Keewatin, ISD 319
- The renovation and addition to the James Madison Building for Northland Learning Center
- The renovation and addition to the existing facility for Northern Lights Academy
- The construction of two new elementary school buildings and a new high school building in Rock Ridge, ISD 2909

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

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

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 \$106.3 million.
- Based on construction project timelines provided by representatives of the impacted school districts, it is assumed that all refunds will be claimed in fiscal years 2024 and 2025.

Minnesota Department of Revenue
Tax Research Division
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