

March 6, 2023

	<b>Yes</b>	<b>No</b>
DOR Administrative Costs/Savings		X

Department of Revenue  
Analysis of H.F.1870 (Rehm) /S.F. 1860 (Coleman)

	<b>Fund Impact</b>			
	<b>F.Y. 2024</b>	<b>F.Y. 2025</b>	<b>F.Y. 2026</b>	<b>F.Y. 2027</b>
		(000's)		
General Fund	\$0	(\$260)	(\$260)	(\$260)
Natural Resources and Arts Funds	\$0	(\$15)	(\$15)	(\$15)
Total- All Funds	\$0	(\$275)	(\$275)	(\$275)

Effective for purchases made after January 31, 2024 and before February 1, 2027.

**EXPLANATION OF THE BILL**

The bill would exempt materials, supplies, and equipment used in the construction of the several projects in the city of Chanhassen from the sales and use tax. The exemption would be administered as a refund and apply to purchases made after January 31, 2024 and before February 1, 2027. The projects are as follows.

- a.) New city hall and city center
- b.) Council Chambers
- c.) Park amenities

**REVENUE ANALYSIS DETAIL**

- Information for the estimates was provided by a representative of the city of Chanhassen
- Total construction costs for materials, supplies, and equipment are estimated to be \$12 million.
- Based on information from the city it is assumed that the refunds will be claimed and paid out evenly during Fiscal years 2025 and 2027.

Minnesota Department of Revenue  
Tax Research Division  
<https://www.revenue.state.mn.us/revenue-analyses>

hf1870(sf1860)/ sd