

March 21, 2025

	Yes	No
DOR Administrative Costs/Savings		X

Department of Revenue
Analysis of S.F. 1917 (Farnsworth) / H.F. 1833 (Kresha)

	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	\$0	(\$940)	(\$940)	\$0
Natural Resources and Arts Funds	<u>\$0</u>	<u>(\$50)</u>	<u>(\$50)</u>	<u>\$0</u>
Total – All Funds	\$0	(\$990)	(\$990)	\$0

Effective for sales and purchases made after May 31, 2025, and before January 1, 2028.

EXPLANATION OF THE BILL

The bill would exempt materials and supplies used in and equipment incorporated into the construction and improvements of a prekindergarten through grade 6 elementary school, a bus transportation facility, a community wellness center, and a high school in the Aitkin Public School District. The exemption would be administered as a refund and only apply to purchases made after May 31, 2025, and before January 1, 2028. Refunds for eligible purchases must not be issued until after June 30, 2025.

REVENUE ANALYSIS DETAIL

- The estimate is based on project information provided by Aitkin Public School District.
- The total project cost is estimated to be \$57.7 million.
- The total cost of materials is estimated to be \$29.0 million.
- The project is expected to begin in May 2026 and complete in August 2028, with taxable purchases occurring after August 2026. All taxable purchases are expected to be made before January 1, 2028. The distribution of expected refund claims is assumed based on the project timeline.

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