

March 21, 2023

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

Department of Revenue  
Analysis of H.F. 2819 (Davids) / S.F. 2857 (Miller)

	<b>Fund Impact</b>			
	<b><u>F.Y. 2024</u></b>	<b><u>F.Y. 2025</u></b>	<b><u>F.Y. 2026</u></b>	<b><u>F.Y. 2027</u></b>
	(000's)			
General Fund	(\$130)	\$0	\$0	\$0
Natural Resources and Arts Funds	<u>(\$10)</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Total – All Funds	(\$140)	\$0	\$0	\$0

Effective retroactively from December 23, 2022, and applies to sales and purchases made after December 22, 2022, and before January 1, 2028.

**EXPLANATION OF THE BILL**

The bill would provide a sales and use tax exemption for certain items if used to repair, replace, or otherwise recover from real or personal property damage that occurred during a December 22, 2022 fire in the city of Spring Grove. Building materials, supplies, and equipment used in construction, replacement, or repair of real property, and capital equipment to replace equipment destroyed by the fire would be exempt. The exemption would be administered as a refund not to be issued until after June 30, 2023.

**REVENUE ANALYSIS DETAIL**

- Information for the estimates was provided by a representative of the city of Spring Grove.
- It is estimated that total project costs for fire remediation are \$5 million.
- It is assumed that \$2 million will be spent on items that would be exempt under the bill.
- It is assumed that all refunds will be filed and paid in fiscal year 2024.

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