

**Subject** Sales tax exemption for construction materials used in rebuilding after the Alexandria fire; provides a grant

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### Overview

This bill provides a sales tax exemption for construction materials, supplies, and equipment used for construction or replacement of property destroyed by a fire in the city of Alexandria on February 25, 2020. The bill also provides the same exemption for replacement of restaurant capital equipment that was destroyed, as well as cleaning and disinfecting services purchased for smoke damage mitigation.

This bill provides a refund mechanism for sales and purchases prior to March 1, 2023, and provides a one-time grant for fire remediation costs.

This bill is similar to the exemptions granted to the city of Mazeppa in the 2019 omnibus tax bill.

### Summary

Section	Description
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<b>1</b>	<b>Properties destroyed by fire.</b>
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Provides a refundable sales tax exemption for construction materials, supplies, and equipment used for the construction or replacement of real property destroyed by a fire in the city of Alexandria on February 25, 2020. Capital equipment purchased to replace destroyed capital equipment, such as equipment used in a restaurant for food storage, preparation, and serving is also exempt. Purchases must be made after February 24, 2020, and before February 28, 2023.

This section also provides an exemption for cleaning and disinfecting services relating to smoke damage mitigation for buildings impacted by the same fire. Sales and purchases must be made after February 24, 2020, and before January 1, 2021.

Section	Description
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The tax is paid at the time of purchase and the city must apply for a refund by March 1, 2023.

This section is effective the day following final enactment and is retroactive to sales and purchases made after February 24, 2020.

**2 Tax collected**

Adds the exemption in section 1 to the list of sales tax exemptions where the tax is paid at that time of purchase and then refunded.

This section is effective the day following final enactment.

**3 Appropriation**

Provides a one-time appropriation from the general fund in fiscal year 2020 to commissioner of public safety for the purpose of providing grants to the city of Alexandria. The grants funds may be provided to public or private entities and are to be used for fire remediation costs, including:

- disaster recovery
- infrastructure
- reimbursement for emergency personnel costs
- reimbursement for property tax abatements

The appropriation amount is unspecified.

This section is effective the day following final enactment.



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