

February 14, 2025

	Yes	No
DOR Administrative Costs/Savings		X

Department of Revenue  
Analysis of S.F. 883 (Putnam) / H.F. 175 (Davids)

	<b>Fund Impact</b>			
	<b><u>F.Y. 2026</u></b>	<b><u>F.Y. 2027</u></b>	<b><u>F.Y. 2028</u></b>	<b><u>F.Y. 2029</u></b>
	(000's)			
General Fund	(\$1,700)	(\$2,000)	(\$2,200)	(\$2,350)
Natural Resources and Arts Funds	<u>(\$140)</u>	<u>(\$100)</u>	<u>(\$100)</u>	<u>(\$150)</u>
Total – All Funds	(\$1,840)	(\$2,100)	(\$2,300)	(\$2,500)

Effective for sales and purchases made after July 2025.

## **EXPLANATION OF THE BILL**

**Current Law:** Fiber and conduit purchased or leased by a telecommunication or pay television services for use primarily in the provision of telecommunications or pay television services is exempt from Minnesota sales and use tax.

**Proposed Law:** The bill would exempt the purchase or lease of fiber and conduit for use directly by a broadband or Internet service provider primarily in the provision of broadband or Internet access services.

## **REVENUE ANALYSIS DETAIL**

- This estimate is based on telecommunications expenditures from the 2022 Annual Capital Expenditures Survey from the U.S. Census.
- National expenditure data is scaled to Minnesota based on Minnesota's share of telecommunications gross domestic product.
- Growth rates published by IHS Global Insights, Inc. for telecommunications equipment expenditures are used to project future expenditures in Minnesota.
- Fiber and conduit are assumed 6% of total telecommunications expenditures
- It is assumed that use of fiber and conduit primarily in the provision of broadband or internet access service is 50% of the total market.
- Fiscal 2026 is adjusted for eleven months of collection.

Minnesota Department of Revenue  
Tax Research Division  
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