

March 11, 2025

	Yes	No
DOR Administrative Costs/Savings		X

Department of Revenue
Analysis of S.F. 1541 (Putnam) / H.F. 978 (Swedzinski)

	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	(\$2,980)	(\$3,360)	(\$3,470)	(\$3,590)
Natural Resources and Arts Funds	(\$170)	(\$190)	(\$200)	(\$210)
Housing Assistance Fund	(\$70)	(\$80)	(\$80)	(\$80)
Special Revenue Fund	<u>(\$30)</u>	<u>(\$40)</u>	<u>(\$40)</u>	<u>(\$40)</u>
Total – All Funds	(\$3,250)	(\$3,670)	(\$3,790)	(\$3,920)

Effective for sales and purchases made after June 30, 2025.

EXPLANATION OF THE BILL

Current Law: Certain machinery, equipment, and fencing related to agriculture is exempt from the sales and use tax, including farm machinery. The definition of farm machinery specifically does not include grain bins.

Proposed Law: The bill would exempt grain bins and tractor tires from the sales and use tax. The bill defines a grain bin as a fixed structure used to store grains that maintains temperature or humidity levels, or both, to prevent spoilage and protect against infestation.

REVENUE ANALYSIS DETAIL

- Industry market research was used to inform the estimates.
- The United States grain storage market was estimated to be \$300 million in 2025.
- Data was apportioned at 4.2% based on Minnesota's share of real GDP in the farming sector.
- The estimates are assumed to grow at 4.2% based on industry information.
- The United States tractor tires market was estimated to be \$800 million in 2023.
- The estimates are assumed to grow at 3.12% based on industry information.
- The fiscal year 2026 estimates are adjusted for eleven months of collections.
- The estimates assume that tires for semis and large trucks would not be exempted by the bill.

Minnesota Department of Revenue
Tax Research Division
[https://www.revenue.state.mn.us/
revenue-analyses](https://www.revenue.state.mn.us/revenue-analyses)