

April 16, 2025

	Yes	No
DOR Administrative Costs/Savings		X

Department of Revenue
Analysis of H.F. 2488 (Virnig) / S.F. 2854 (Carlson)

	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	(\$5,640)	(\$2,930)	(\$2,930)	(\$2,930)
Natural Resources and Arts Funds	(\$330)	(\$170)	(\$170)	(\$170)
Housing Assistance Fund	(\$130)	(\$70)	(\$70)	(\$70)
Special Revenue Fund	<u>(\$70)</u>	<u>(\$30)</u>	<u>(\$30)</u>	<u>(\$30)</u>
Total – All Funds	(\$6,170)	(\$3,200)	(\$3,200)	(\$3,200)

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

EXPLANATION OF THE BILL

The bill would provide a sales and use tax exemption for materials, supplies, and equipment used in the construction or improvement of a research and development campus, a customer experience center, and related facilities on site. ‘*Research and development campus*’ and ‘*customer experience center*’ are not defined. To qualify for the exemption the campus must have laboratory space of at least 250,000 square feet and the project must have a total construction cost of at least \$200 million within a 32-month period. The exemption would be administered as a refund. The exemption would expire March 1, 2028.

REVENUE ANALYSIS DETAIL

- Information for the estimates was provided by public reports and the Minnesota Department of Employment and Economic Development.
- It is assumed that several projects could meet the qualifications for the exemption in the forecast window.
- It is estimated that total taxable materials for qualifying projects will be approximately \$220 million.
- The timeline for refund claims is assumed based on available information.
- It is assumed that the three-and-a-half-year statute of limitations for filing refund claims would allow refunds to be paid in fiscal year 2029.

Minnesota Department of Revenue
Tax Research Division
[https://www.revenue.state.mn.us/
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