

June 20, 2025

	Yes	No
DOR Administrative Costs/Savings		X

Department of Revenue

Analysis of 2025 1st Special Session Chapter 12, Section 17 & 18 (H.F. 16)

	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	\$0	\$0	\$0	\$0
Natural Resources and Arts Funds	\$0	\$0	\$0	\$0
Housing Assistance Fund	\$0	\$0	\$0	\$0
Special Revenue Fund	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Total – All Funds	\$0	\$0	\$0	\$0

Effective the day following final enactment.

EXPLANATION OF THE BILL

Current Law: Purchases of enterprise information technology equipment and computer software for use in a qualified data center or qualified refurbished data center are exempt. The tax on these purchases is administered as a refund. Electricity used or consumed in the operation of a qualified data center or qualified refurbished data center is exempt. Electricity is exempt at the time of purchase. In order to be designated a qualified data center or refurbished qualified data center a facility must meet certain square footage and investment requirements. A qualified data center or qualified refurbished data center may claim the exemption for purchases made within 20 years of the first qualifying purchase or 2042 whichever is earlier.

Proposed Law: The bill adds a definition for qualified large-scale data center. To meet the definition the facility and associated equipment must be at least 25,000 square feet and investment must be at least \$250 million in a 60-month period beginning after June 30, 2025. Laborers working on large-scale data centers must meet prevailing wage and sustainable environmental requirements.

The bill also changes the length of time that qualified data centers, qualified refurbished data centers, and qualified large-scale data centers are eligible to claim the exemption. The exemption may be claimed within 35 years of the first qualifying purchase.

The bill removes the statement that the purpose of the exemption is to create jobs in the construction and data center industries.

REVENUE ANALYSIS DETAIL

- Based on information available at the time of the February Forecast, several facilities were expected to be certified in the forecast window that meet the criteria of a large-scale data center.
- There will be additional costs after 2042 due to the modification to the eligible timeline for claiming the exemption.

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

hf0016(sf0019) SS QDC Regulatory Bill_1 / trc