

2025 SALES AND USE TAX LEGISLATIVE BULLETIN



Appeals, Legal Services, and Disclosure Division
600 N. Robert St.
St. Paul, MN 55146-2220

8/18/25 FINAL

TAXATION

Accelerated payment of June sales tax liability. Minn. Stat. § 289A.20, subd. 4, was amended to require vendors make accelerated payments of 5.6 percent of their estimated June liability two business days before June 30 of calendar year 2027 and each year thereafter. Vendors must pay any additional amount of tax not remitted in June on or before August 20 of the year. The requirement to make June accelerated payments applies to vendors having a liability of \$250,000 or more during the previous fiscal year ending June 30 and does not apply to taxes imposed under chapters 168E, 295, and 297H. Additionally, obsolete language related to vendors of construction materials was removed. Effective for taxes remitted after May 31, 2027. 2025 Minn. Laws, 1st Spec. Sess., Ch. 13, Art. 3, § 1.

Accelerated payment of June sales tax liability; penalty for underpayment. Minn. Stat. § 289A.60 was amended by adding subdivision 15a to provide a penalty for vendors who fail to make June accelerated payments. The penalty is ten percent of the unpaid June liability amount. The penalty does not apply if the amount remitted in June equals the lesser of 5.6 percent of the preceding May's liability or 5.6 percent of the average monthly liability for the previous calendar year. Effective for taxes remitted after May 31, 2027. 2025 Minn. Laws, 1st Spec. Sess., Ch. 13, Art. 3, § 2.

Sustainable aviation fuel facilities. Minn. Stat. § 297A.71, subd. 54, was amended to clarify that the sustainable aviation fuel facilities exemption is only effective for purchases made after June 30, 2027, and before July 1, 2034. Effective June 15, 2025. 2025 Minn. Laws, 1st Spec. Sess., Ch. 13, Art. 10, § 1.

Reference correction. Minn. Stat. § 297A.75, subds. 1 - 3, were amended to correctly reference the sustainable aviation fuel facilities (SAF) exemption that was enacted in 2023. These amendments ensure the refund process requirements for construction exemptions are accurately applied to the SAF exemption. All three sections are effective June 15, 2025. Minn. Laws, 1st Spec. Sess., Ch. 13, Art. 10, §§ 2 - 4.

Sales and use tax refunds. Minn. Stat. § 297A.75, subd. 1 was amended to update a restructured cross reference to Minn. Stat. § 297A.71, subd. 44. Effective, August 1, 2025. 2025 Minn. Laws, Ch. 20, Art. 1, § 233.

Deposit of revenues. Minn. Stat. § 297A.94, para (g) was amended to reinstate that the amount deposited as estimated revenue derived from the sales tax on the purchase of motor vehicle repair

and replacement parts is deposited monthly based on estimates made by the commissioner by April 15 of each preceding fiscal year. Effective June 15, 2025. 2025 Minn. Laws, 1st Spec. Sess., Ch. 13, Art. 10, § 5.

Use of zip code in determining location of sale. Minn. Stat. § 297A.99, subd. 10, was amended to make clear when a seller has exercised due diligence in unsuccessfully determining the nine-digit zip code designation of a purchaser and therefore may apply the rate for the five-digit zip code area. Effective for sales and purchases made after June 30, 2025. 2025 Minn. Laws, 1st Spec. Sess., Ch. 13, Art. 10, § 6.

Definitions. Minn. Stat. § 297A.995, subd. 2, was amended to clarify the definition of “certified service provider” (CSP). This amendment aligns Minnesota Statutes with the definition of CSP in the Streamline Sales and Use Tax Agreement. This change ensures that CSPs are only liable for the sellers they work with to the extent outlined in the contract between the Streamline Sales Tax Governing Board and the CSPs. Effective for sales and purchases made after June 30, 2025. 2025 Minn. Laws, 1st Spec. Sess., Ch. 13, Art. 10, § 7.

Relief from certain liability. Minn. Stat. § 297A.995, subd. 10, was amended to add paragraph (d) which provides a certified service provider (CSP) with relief from liability when a seller fails to remit all or a portion of their taxes prior to the due date, where the CSP provided sufficient notice. Effective for sales and purchases made after June 30, 2025. 2025 Minn. Laws, 1st Spec. Sess., Ch. 13, Art. 10, § 8.

Regional sales tax general fund impact. Minn. Stat. § 473.39 was amended by adding new subdivision 3a to require the commissioner to annually estimate the reduction to the general fund for the next fiscal year resulting from the debt service levy needed to repay debt authorized by Minn. Stat. § 473.39, subd. 1y. This estimate must be made no later than June 30, 2026, and on June 30 of each subsequent year. Beginning in fiscal year 2027, the commissioner must deposit the estimated amount into the general fund from the allocation otherwise specified to the Metropolitan Council under section 297A.9915, subd. 4(a)(1). This section is effective June 15, 2025, and applies in the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington. 2025 Minn. Laws, 1st Spec. Sess., Ch. 8, Art. 2, § 99.

Sales tax authorized. Laws 1996, Ch. 471, Art. 2, § 29, subd. 1 as amended by Laws 2006, Ch. 259, Art. 3, § 3, Laws 2011, 1st Spec. Sess., Ch. 7, Art. 4, § 4, and Laws 2017, 1st Spec. Sess., Ch. 1, Art. 5, § 6 was amended to allow the Hermantown local sales tax to be used to fund multiple sewer line and pump station projects. Effective June 15, 2025, without local approval pursuant to Minnesota Statutes, section 645.023, subdivision 1. 2025 Minn. Laws, 1st Spec. Sess., Ch. 13, Art. 6, § 1.

Termination. Laws 1996, Ch. 471, Art. 2, § 29, subd. 4 as amended by Laws 2006, Ch. 259, Art. 3, § 4, and Laws 2017, 1st Spec. Sess. Ch. 1, Art. 5, § 7 was amended to extend the termination date of the Hermantown local sales tax by ten years. The local sales tax will now expire on December 31, 2046, or when Hermantown determines that sufficient funds have been received from the tax to fund the costs, including bonds and associated bond costs, for the authorized uses. Effective June 15, 2025, without local approval pursuant to Minnesota Statutes,

section 645.023, subdivision 1. 2025 Minn. Laws, 1st Spec. Sess., Ch. 13, Art. 6, § 2.

DATA CENTERS

Qualified data centers. Minn. Stat. § 297A.68, subd. 42, was amended to remove the electricity sales tax exemption for qualified data centers and qualified refurbished data centers. Effective for sales and purchases made after June 30, 2025. 2025 Minn. Laws, 1st Spec. Sess., Ch. 13, Art. 3, § 4.

Data centers. Minn. Stat. § 297A.68, subd. 42, was amended to (1) create the data center class “qualified large-scale data center,” (2) expand the current sales tax exemption for data centers to qualified large-scale data centers and (3) impose requirements on qualified large-scale data centers. The exemption was extended from 20 years to 35 years from the date of the first qualifying purchase for data centers certified before July 1, 2042.

Requirements for qualified large-scale data centers includes (a) pay laborers and mechanics a defined prevailing wage, (b) meet a variety of sustainable design and green building standards, and (c) repay the commissioner of revenue if the commissioner of commerce determines the qualified large-scale data center has not met the design and green building standards. Effective for sales and purchases made after June 30, 2025. 2025 Minn. Laws, 1st Spec. Sess., Ch. 12, § 17.

Tax collected. Minn. Stat. § 297A.75, subd. 1, as amended by Laws 2025, Ch. 20, § 233 was amended to require that tax must be imposed on enterprise information technology equipment and computer software used in a qualified large-scale data center or a qualified refurbished data center. Effective for sales and purchases made after June 30, 2025. 2025 Minn. Laws, 1st Spec. Sess., Ch. 12, § 18.

TRANSPORTATION

Retail delivery fee. Minn. Stat. § 168E.01 was amended by adding a subdivisions 8a and 15a to define “fuel products” and “road construction materials.” Minn. Stat. § 168E.05, subd. 1, was amended to provide exemptions for fuel products and road construction materials purchased by and delivered to a political subdivision or a trade or business. Effective June 15, 2025, for retail deliveries made after June 30, 2025. 2025 Minn. Laws, 1st Spec. Sess., Ch. 8, Art. 2, §§ 28 to 30.

Deposit of revenues. Minn. Stat. § 297A.94 was amended to alter the allocation formula for revenue from the state general fund that is attributed to tax collected on automotive parts and then deposited to the highway user tax distribution (HUTD) fund. The amount allocated to the HUTD is decreased to 43% in 2026 and decreases each fiscal year thereafter until 2037 when the initial rate of 43.5% resumes. Effective July 1, 2025. 2025 Minn. Laws, 1st Spec. Sess., Ch. 8, Art. 2, § 79.

Definitions. Minn. Stat. § 297A.9915, subd. 1, was amended to define ‘metropolitan counties’ to mean Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington counties. Effective June 15, 2025, and applies in the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington. 2025 Minn. Laws, 1st Spec. Sess., Ch. 8, Art. 2, § 80.

Distribution. Minn. Stat. § 297A.9915, subd. 4, was amended to alter the allocation of funds collected from the regional transportation tax. The Minnesota Department of Transportation will now disperse funds using the same formula-based distribution utilized in the distribution of transportation advancement funds. Effective June 15, 2025, for sales and purchases made on or after July 1, 2025, and applies in the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington. 2025 Minn. Laws, 1st Spec. Sess., Ch. 8, Art. 2, § 81.

Uses reporting. Minn. Stat. § 297A.993, subd. 2a, was amended to change the reporting requirement for counties imposing a county transportation sales tax. Impacted counties will now annually-submit financial information to the commissioner of transportation rather than to the chairs and ranking members of house and senate transportation committees. Effective July 1, 2025. 2025 Minn. Laws, 1st Spec. Sess., Ch. 8, Art. 2, § 82.

OUTDOOR HERITAGE FUND

Outdoor heritage, clean water and arts and cultural heritage sales and use tax fund. Minn. Stat. § 129D.17, subd. 2, was amended to require that any organization requesting a direct appropriation from the arts and cultural heritage fund must in addition to all the other requirements, provide a copy of the most recent year's Internal Revenue Service Form 990 tax return. Effective July 1, 2025. 2025 Minn. Laws, Ch. 36, Art. 4, § 12.