

2025 SPECIAL TAXES LEGISLATIVE BULLETIN



Appeals, Legal Services, and Disclosure Division
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8/18/25 FINAL

Motor vehicle sales tax exemption. Minn. Stat. § 168.012, subd. 1, was amended to clarify the motor vehicle sales tax exemption for unmarked vehicles used in general investigation, surveillance, supervision and monitoring by the Direct Care and Treatment Office of Special Investigations' staff and unmarked vehicles used by the Minnesota Sex Offender Program director and staff must be certified by the Direct Care Treatment executive board. Effective July 1, 2025. 2025 Minn. Laws, Ch. 38, Art. 3, § 26.

LIQUOR TAXES

Annual return for qualified brewers. Minn. Stat. § 297G.09, subd. 10(b), was amended to allow a qualified brewer that meets the annual filing criteria, to file and pay taxes annually the following calendar year without authorization from the Department. The amendment also requires qualified brewers to provide notice, in the form and manner required by the commissioner, of their intent to file and pay annually. Effective January 1, 2026, for 2026 tax return obligations. 2025 Minn. Laws, 1st Spec. Sess., Ch. 13, Art. 3, § 5.

MINNESOTACARE TAXES

Gross revenues. Minn. Stat. § 295.50, subd. 3 was amended to create new paragraph (b), to provide that for purposes of paragraph (a), clause (4), "gross revenues" includes rebates provided by a wholesale drug distributor to a customer, including when required by contract. The amendment also defines the term "rebate." This law was amended to respond to the Minnesota Supreme Court's decision in *Dakota Drug, Inc. v. Commissioner of Revenue*, 13 N.W.3d 387 (Minn. 2024). Effective for gross revenues received after June 30, 2025. 2025 Minn. Laws, 1st Spec. Sess., Ch. 3, Art. 8, § 32.

Credit for research. Minn. Stat. § 295.53, subd. 4a, was amended to: (1) reduce the tax credit for research from 2.5 percent to 0.5 percent of certain revenues; and (2) remove the provision that required Minnesota Management and Budget to adjust the percentage rate of the tax credit for research based on whether the actual or estimated amount of credit paid for the calendar year exceeded \$2.5 million. Effective June 15, 2025. 2025 Minn. Laws, 1st Spec. Sess., Ch. 13, Art. 8, § 16.

Quarterly pharmacy refunds. Minn. Stat. § 295.54, subd. 2, was amended to allow pharmacies to apply for refunds on a quarterly rather than annual basis. The amendments provide the following required schedule for taxpayer refund requests for legend drugs delivered by the pharmacy outside Minnesota:

- (1) on or after July 1 for legend drugs delivered between January 1 and March 31 and between April 1 and June 30;
- (2) on or after October 1 for legend drugs delivered between July 1 and September 30; and
- (3) on or after January 1 for legend drugs delivered between October 1 and December 31.

No refund is allowed for a refund claim filed more than one year after the end of the quarter in which the legend drugs were delivered. Effective for legend drugs delivered outside of Minnesota after December 31, 2025. 2025 Minn. Laws, 1st Spec. Sess., Ch. 13, Art. 8, § 17.

INSURANCE TAXES

Reinsurance credit. Minn. Stat. § 297I.20, was amended to create new subdivision 7, to provide that a taxpayer may claim a refundable credit against the premiums tax imposed equal to the assessment paid under section 62E.23 in the immediately preceding calendar year. By March 1st each year, the commissioner of commerce must provide to the commissioner of revenue a list of assessments paid under section 62E.23. The credit does not affect the calculation of fire and police state aid. Effective for taxable years beginning after December 31, 2028. 2025 Minn. Laws, 1st Spec. Sess., Ch. 4, Art. 6, § 12.

Special provision; reinsurance credit. Minn. Stat. § 297I.40, was amended to create new subdivision 2a, to provide how the new reinsurance credit affects installment payment calculations and that refund claims may be made after the December required installment. Effective for taxable years beginning after December 31, 2028. 2025 Minn. Laws, 1st Spec. Sess., Ch. 4, Art. 6, § 13.

Notice of reinsurance credit amount. An uncodified provision was added requiring that by June 1, 2030, the commissioner of revenue must notify the commissioner of management and budget of the amount of the reinsurance credit attributable to the tax imposed on health maintenance organizations, community integrated service networks, and nonprofit health care service plan organizations. Effective June 15, 2025. 2025 Minn. Laws, 1st Spec. Sess., Ch. 4, Art. 6, § 15.