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State of Minnesota

HOUSE OF REPRESENTATIVES

SPECIAL SESSION

H. F. No. **16**

06/09/2025 Authored by Davids and Huot
The bill was read for the first time
R/S Rules Suspended, urgency declared
Read for the Second Time
Read for the Third Time
Passed by the House and transmitted to the Senate
06/12/2025 Presented to Governor
06/14/2025 Governor Approval

- 1.1 A bill for an act
- 1.2 relating to data centers; modifying various environmental and energy regulatory
- 1.3 requirements governing data centers; authorizing a clean energy and capacity tariff;
- 1.4 modifying sales and use tax exemptions; imposing a fee; classifying data; adding
- 1.5 and modifying various definitions; appropriating money; amending Minnesota
- 1.6 Statutes 2024, sections 103G.265, by adding a subdivision; 103G.271, by adding
- 1.7 a subdivision; 216B.02, by adding subdivisions; 216B.1691, subdivisions 2f, 2h,
- 1.8 as amended; 216B.2402, subdivision 10; 216B.241, subdivisions 1a, 2a; 297A.68,
- 1.9 subdivision 42; 297A.75, subdivision 1, as amended; proposing coding for new
- 1.10 law in Minnesota Statutes, chapters 84; 103B; 116; 144; 216B.
- 1.11 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:
- 1.12 Section 1. **[84.0267] COORDINATION WITH MINNESOTA BUSINESS FIRST**
- 1.13 **STOP.**
- 1.14 It is the policy of this state that inquiries related to the permitting of a data center are
- 1.15 also referred to the Minnesota Business First Stop Program administered by the Department
- 1.16 of Employment and Economic Development under section 116J.035, subdivision 8. The
- 1.17 commissioner must take reasonable steps to ensure that agency permitting staff are aware
- 1.18 of this policy and have the resources to efficiently refer those inquiries to Minnesota Business
- 1.19 First Stop.
- 1.20 Sec. 2. **[103B.107] COORDINATION WITH MINNESOTA BUSINESS FIRST**
- 1.21 **STOP.**
- 1.22 It is the policy of this state that inquiries related to the permitting of a data center are
- 1.23 also referred to the Minnesota Business First Stop Program administered by the Department
- 1.24 of Employment and Economic Development under section 116J.035, subdivision 8. The
- 1.25 executive director of the Board of Water and Soil Resources must take reasonable steps to

2.1 ensure that agency permitting staff are aware of this policy and have the resources to
2.2 efficiently refer those inquiries to Minnesota Business First Stop.

2.3 Sec. 3. Minnesota Statutes 2024, section 103G.265, is amended by adding a subdivision
2.4 to read:

2.5 Subd. 5. **Preapplication evaluation of certain water appropriation projects.** (a) This
2.6 subdivision applies to a data center, as defined in section 216B.02, subdivision 11, whose
2.7 proposed consumptive use exceeds 100,000,000 gallons per year and which requires a permit
2.8 amendment or a new individual permit.

2.9 (b) In response to a contact from a data center regarding a project that is likely to be
2.10 subject to this subdivision, the department may request preapplication information from the
2.11 data center that is helpful in assisting the department to assess the factors affecting the ability
2.12 of a water source to meet a project's water use needs at a proposed location, including:

2.13 (1) a project description;

2.14 (2) the project's estimated water use rates and volumes for the maximum day, maximum
2.15 month, and average year;

2.16 (3) the anticipated source of water; and

2.17 (4) water quality or temperature requirements.

2.18 (c) The department may request any additional information necessary from the data
2.19 center to assist it to assess the ability of a water source to meet a project's water use needs.

2.20 (d) The commissioner shall evaluate the information supplied under this subdivision
2.21 and shall respond in writing, which may be electronically transmitted, describing potential
2.22 water availability constraints at each proposed project site.

2.23 (e) In determining the impact of a potential project on water quality and quantity, the
2.24 commissioner may consult with the commissioners of health, agriculture, and the Pollution
2.25 Control Agency, and other state agencies.

2.26 (f) Any communication made or information exchanged under this subdivision between
2.27 a data center and a government agency, or between government agencies, is nonpublic data,
2.28 as defined in section 13.02, subdivision 9.

2.29 (g) None of the discussions, filings, or evaluations made under this subdivision preclude
2.30 or supplant environment review, preliminary well-construction approval, appropriation
2.31 permit review, or any other requirements under federal, state, or local law.

3.1 **EFFECTIVE DATE.** This section is effective the day following final enactment.

3.2 Sec. 4. Minnesota Statutes 2024, section 103G.271, is amended by adding a subdivision
3.3 to read:

3.4 Subd. 5b. **Large water appropriation projects; permit conditions.** (a) In issuing new
3.5 or modified water use permits to applicants that meet the definition of a data center, as
3.6 defined in section 216B.02, subdivision 11, whose proposed new or additional consumptive
3.7 use exceeds 100,000,000 gallons per year, or for existing permits where the permittee intends
3.8 to provide more than 100,000,000 gallons of water per year to a data center, the department
3.9 shall ensure that:

3.10 (1) public health, safety, and welfare are adequately protected;

3.11 (2) technologies or measures that promote water conservation, the efficient use of water,
3.12 and watershed health, are reasonably considered, including but not limited to using water
3.13 efficient fixtures and practices, recycling water before discharging, partnering with local
3.14 water utilities to use discharged water from the data center, using reclaimed water, installing
3.15 closed-loop systems, and supporting water restoration and replenishment in local watersheds;
3.16 and

3.17 (3) water use conflicts are addressed as prescribed in Minnesota Rules, part 6115.0740.

3.18 (b) The commissioner shall require an applicant to conduct an aquifer test as provided
3.19 under section 103G.287, if the commissioner determines that the test results are necessary
3.20 in order to ensure compliance with paragraph (a), clause (1).

3.21 **EFFECTIVE DATE.** This section is effective the day following final enactment.

3.22 Sec. 5. **[116.037] COORDINATION WITH MINNESOTA BUSINESS FIRST STOP.**

3.23 It is the policy of this state that inquiries related to the permitting of a data center are
3.24 also referred to the Minnesota Business First Stop Program administered by the Department
3.25 of Employment and Economic Development under section 116J.035, subdivision 8. The
3.26 commissioner of the Pollution Control Agency must take reasonable steps to ensure that
3.27 agency permitting staff are aware of this policy and have the resources to efficiently refer
3.28 those inquiries to Minnesota Business First Stop.

3.29 Sec. 6. **[144.0507] COORDINATION WITH MINNESOTA BUSINESS FIRST STOP.**

3.30 It is the policy of this state that inquiries related to the permitting of a data center are
3.31 also referred to the Minnesota Business First Stop Program administered by the Department

4.1 of Employment and Economic Development under section 116J.035, subdivision 8. The
4.2 commissioner of health must take reasonable steps to ensure that agency permitting staff
4.3 are aware of this policy and have the resources to efficiently refer those inquiries to
4.4 Minnesota Business First Stop.

4.5 Sec. 7. Minnesota Statutes 2024, section 216B.02, is amended by adding a subdivision to
4.6 read:

4.7 Subd. 11. **Data center.** "Data center" means a facility that is designed to have a load of
4.8 100 megawatts or more and whose primary purpose is the storage, management, and
4.9 processing of digital data via the interconnection and operation of information technology
4.10 and network telecommunications equipment, including all related facilities and infrastructure
4.11 for backup electricity generation, power distribution, environmental control, cooling, and
4.12 security.

4.13 **EFFECTIVE DATE.** This section is effective the day following final enactment.

4.14 Sec. 8. Minnesota Statutes 2024, section 216B.02, is amended by adding a subdivision to
4.15 read:

4.16 Subd. 12. **Qualified large-scale data center.** "Qualified large-scale data center" has the
4.17 meaning given in section 297A.68, subdivision 42, paragraph (f).

4.18 **EFFECTIVE DATE.** This section is effective the day following final enactment.

4.19 Sec. 9. **[216B.1622] SERVICE TO VERY LARGE CUSTOMERS.**

4.20 Subdivision 1. **Very large customer class or subclass.** By December 15, 2026, the
4.21 commission shall establish by order the definition and appropriate characteristics of a very
4.22 large customer class or subclass for each public utility providing electric service. The
4.23 commission may do this in a rate case under section 216B.16 for that utility or in another
4.24 proceeding.

4.25 Subd. 2. **Tariff or energy supply agreement.** The commission may approve, modify
4.26 or reject a tariff or electric service agreement proposed between a public utility and a very
4.27 large customer establishing the terms and conditions under which the utility will provide
4.28 electric service to the customer. As it evaluates a tariff or agreement under this section, the
4.29 commission must consider how best to achieve the following required outcomes:

(1) all costs attributable to the utility's very large customers not exempt under subdivision 3 are assigned to the very large customer class or subclass determined by the commission under paragraph (a);

(2) the electricity to be provided by the utility to a very large customer achieves each quantitative benchmark of the state's electricity standards under section 216B.1691, as demonstrated by a plan submitted by the utility to serve the additional load without recourse to requesting a delay or modification of these standards;

(3) the tariff or agreement contains protections necessary to ensure that other customers of the public utility are not placed at risk for paying stranded costs associated with the utility serving the very large customer; and

(4) any other outcome deemed important by the commission to ensure the tariff or agreement is in the public interest.

Subd. 3. **Existing tariff or agreements.** This section shall not apply to existing, renewed, or extended electric service agreements of public utility customers meeting the threshold of a very large customer, or to very large customers that have been actively taking electric service from the public utility prior to 2020.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 10. **[216B.1623] CLEAN ENERGY AND CAPACITY TARIFF.**

The commission shall require each public utility to offer a clean energy and capacity tariff for commercial and industrial customers. The clean energy and capacity tariff shall require a special contract between the utility and one or more customers that shall:

(1) be optional for participating customers;

(2) permit participating customers to elect to serve some or all of their energy or capacity usage from new clean energy or capacity resources as long as reliability is maintained;

(3) require the participating customers to pay all proportional costs associated with the addition of the new clean energy or capacity resources including any utility costs caused by the addition of the new clean energy or capacity resources to the grid;

(4) develop an appropriate energy and capacity credit;

(5) prohibit cost shifting from the participating customers to other utility customers or vice versa; and

6.1 (6) allow a utility with an applicable tariff on file to demonstrate their existing tariff's
6.2 compliance with this section.

6.3 **EFFECTIVE DATE.** This section is effective the day following final enactment.

6.4 Sec. 11. Minnesota Statutes 2024, section 216B.1691, subdivision 2f, is amended to read:

6.5 Subd. 2f. **Solar energy standard.** (a) In addition to the requirements of subdivisions 2a
6.6 and 2g, each public utility shall generate or procure sufficient electricity generated by solar
6.7 energy to serve its retail electricity customers in Minnesota so that by the end of 2020, at
6.8 least 1.5 percent of the utility's total retail electric sales to retail customers in Minnesota is
6.9 generated by solar energy.

6.10 (b) For a public utility with more than 200,000 retail electric customers, at least ten
6.11 percent of the 1.5 percent goal must be met by solar energy generated by or procured from
6.12 solar photovoltaic devices with a nameplate capacity of 40 kilowatts or less.

6.13 (c) A public utility with between 50,000 and 200,000 retail electric customers:

6.14 (1) must meet at least ten percent of the 1.5 percent goal with solar energy generated by
6.15 or procured from solar photovoltaic devices with a nameplate capacity of 40 kilowatts or
6.16 less; and

6.17 (2) may apply toward the ten percent goal in clause (1) individual customer subscriptions
6.18 of 40 kilowatts or less to a community solar garden program operated by the public utility
6.19 that has been approved by the commission.

6.20 (d) The solar energy standard established in this subdivision is subject to all the provisions
6.21 of this section governing a utility's standard obligation under subdivision 2a.

6.22 (e) It is an energy goal of the state of Minnesota that, by 2030, ten percent of the retail
6.23 electric sales in Minnesota be generated by solar energy.

6.24 (f) For the purposes of calculating the total retail electric sales of a public utility serving
6.25 fewer than 200,000 retail electric customers under this subdivision, there shall be excluded
6.26 retail electric sales to customers that are:

6.27 (1) an iron mining extraction and processing facility, including a scam mining facility
6.28 as defined in Minnesota Rules, part 6130.0100, subpart 16; ~~or~~

6.29 (2) a qualified large-scale data center; or

6.30 ~~(2)~~ (3) a paper mill, wood products manufacturer, sawmill, or oriented strand board
6.31 manufacturer.

Those customers may not have included in the rates charged to them by the public utility serving fewer than 200,000 retail electric customers any costs of satisfying the solar standard specified by this subdivision.

(g) A public utility may not use energy used to satisfy the solar energy standard under this subdivision to satisfy its standard obligation under subdivision 2a. A public utility may not use energy used to satisfy the standard obligation under subdivision 2a to satisfy the solar standard under this subdivision.

(h) Notwithstanding any law to the contrary, a solar renewable energy credit associated with a solar photovoltaic device installed and generating electricity in Minnesota after August 1, 2013, but before 2020 may be used to meet the solar energy standard established under this subdivision.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 12. Minnesota Statutes 2024, section 216B.1691, subdivision 2h, as amended by Laws 2025, chapter 20, section 183, is amended to read:

Subd. 2h. **Distributed solar energy standard.** (a) For the purposes of this subdivision, the following terms have the meanings given:

(1) "capacity" has the meaning given in section 216B.164, subdivision 2a;

(2) "industrial customer" means a retail electricity customer:

(i) whose numerical classification under the North American Industry Classification System begins with the numbers 31, 32, or 33;

(ii) that is a pipeline, as defined in section 216G.01, subdivision 3; ~~or~~

(iii) that is an iron mining extraction and processing facility, including a scam mining facility, as defined in Minnesota Rules, part 6130.0100, subpart 16; ~~and~~ or

(iv) that is a qualified large-scale data center; and

(3) "solar energy generating system" has the meaning given in Minnesota Statutes Supplement 2023, section 216E.01, subdivision 9a.

(b) In addition to the other requirements of this section, by the end of 2030, the following proportions of a public utility's total retail electric sales in Minnesota must be generated from solar energy generating systems:

(1) for a public utility with at least 200,000 retail electric customers in Minnesota, at least three percent;

(2) for a public utility with at least 100,000 but fewer than 200,000 retail electric customers in Minnesota, at least three percent; and

(3) for a public utility with fewer than 100,000 retail electric customers in Minnesota, at least one percent.

For a public utility subject to clause (2) or (3), sales to industrial customers in Minnesota must be subtracted from the utility's total retail electric sales for the purpose of calculating total retail electric sales in Minnesota.

(c) To be counted toward a public utility's standard established in paragraph (a), a solar energy generating system must:

(1) have a capacity of ten megawatts or less;

(2) be connected to the public utility's distribution system;

(3) be located in the Minnesota service territory of the public utility; and

(4) be constructed or procured after August 1, 2023.

(d) A solar energy generating system with a capacity of 100 kilowatts or more does not count toward compliance with the standard established in paragraph (a) unless the public utility verifies that construction trades workers who constructed the solar energy generating system were all paid no less than the prevailing wage rate, as defined in section 177.42, and whose employer participated in an apprenticeship program that is registered under chapter 178 or Code of Federal Regulations, title 29, part 29.

(e) A public utility shall select projects to satisfy the standard established under this subdivision through a competitive bidding process approved by the commission.

(f) The commission may modify or delay the implementation of the standard established under this subdivision in accordance with the provisions of subdivision 2b.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 13. Minnesota Statutes 2024, section 216B.2402, subdivision 10, is amended to read:

Subd. 10. **Gross annual retail energy sales.** "Gross annual retail energy sales" means a utility's annual electric sales to all Minnesota retail customers, or natural gas throughput to all retail customers, including natural gas transportation customers, on a utility's distribution system in Minnesota. Gross annual retail energy sales does not include:

(1) gas sales to:

(i) a large energy facility;

(ii) a large customer facility whose natural gas utility has been exempted by the commissioner under section 216B.241, subdivision 1a, paragraph (a), with respect to natural gas sales made to the large customer facility; and

(iii) a commercial gas customer facility whose natural gas utility has been exempted by the commissioner under section 216B.241, subdivision 1a, paragraph (b), with respect to natural gas sales made to the commercial gas customer facility;

(2) electric sales to:

(i) a large customer facility whose electric utility has been exempted by the commissioner under section 216B.241, subdivision 1a, paragraph (a), with respect to electric sales made to the large customer facility; ~~and~~

(ii) a data mining facility, if the facility:

(A) has provided a signed letter to the utility verifying the facility meets the definition of a data mining facility; and

(B) imposes a peak electrical demand on a consumer-owned utility's system equal to or greater than 40 percent of the peak electrical demand of the system, measured in the same manner as the utility that serves the customer facility measures electric demand for billing purposes; ~~or~~ and

(iii) a qualified large-scale data center; or

(3) the amount of electric sales prior to December 31, 2032, that are associated with a utility's program, rate, or tariff for electric vehicle charging based on a methodology and assumptions developed by the department in consultation with interested stakeholders no later than December 31, 2021. After December 31, 2032, incremental sales to electric vehicles must be included in calculating a public utility's gross annual retail sales.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 14. Minnesota Statutes 2024, section 216B.241, subdivision 1a, is amended to read:

Subd. 1a. **Large customer facility.** (a) The owner of a large customer facility may petition the commissioner to exempt both electric and gas utilities serving the large customer facility from contributing to investments and expenditures made under an energy and conservation optimization plan filed under subdivision 2 or section 216B.2403, subdivision 3, with respect to retail revenues attributable to the large customer facility. The filing must include a discussion of the competitive or economic pressures facing the owner of the facility and the efforts taken by the owner to identify, evaluate, and implement energy conservation

and efficiency improvements. A filing submitted on or before October 1 of any year must be approved within 90 days and become effective January 1 of the year following the filing, unless the commissioner finds that the owner of the large customer facility has failed to take reasonable measures to identify, evaluate, and implement energy conservation and efficiency improvements. If a facility qualifies as a large customer facility solely due to its peak electrical demand or annual natural gas usage, the exemption may be limited to the qualifying utility if the commissioner finds that the owner of the large customer facility has failed to take reasonable measures to identify, evaluate, and implement energy conservation and efficiency improvements with respect to the nonqualifying utility. Once an exemption is approved, the commissioner may request the owner of a large customer facility to submit, not more often than once every five years, a report demonstrating the large customer facility's ongoing commitment to energy conservation and efficiency improvement after the exemption filing. The commissioner may request such reports for up to ten years after the effective date of the exemption, unless the majority ownership of the large customer facility changes, in which case the commissioner may request additional reports for up to ten years after the change in ownership occurs. The commissioner may, within 180 days of receiving a report submitted under this paragraph, rescind any exemption granted under this paragraph upon a determination that the large customer facility is not continuing to make reasonable efforts to identify, evaluate, and implement energy conservation improvements. A large customer facility that is, under an order from the commissioner, exempt from the investment and expenditure requirements of paragraph (a) as of December 31, 2010, is not required to submit a report to retain its exempt status, except as otherwise provided in this paragraph with respect to ownership changes. No exempt large customer facility may participate in a utility conservation improvement program unless the owner of the facility submits a filing with the commissioner to withdraw its exemption. A qualified large-scale data center that pays the required fee under section 216B.72 is exempt from the requirement to contribute to investments and expenditures made under an energy conservation optimization plan for electric service filed under subdivision 2, or section 216B.2403, subdivision 3, and is not required to comply with the provisions of this paragraph.

(b) A commercial gas customer that is not a large customer facility and that purchases or acquires natural gas from a public utility having fewer than 600,000 natural gas customers in Minnesota may petition the commissioner to exempt gas utilities serving the commercial gas customer from contributing to investments and expenditures made under an energy and conservation optimization plan filed under subdivision 2 or section 216B.2403, subdivision 3, with respect to retail revenues attributable to the commercial gas customer. The petition must be supported by evidence demonstrating that the commercial gas customer has acquired

11.1 or can reasonably acquire the capability to bypass use of the utility's gas distribution system
11.2 by obtaining natural gas directly from a supplier not regulated by the commission. The
11.3 commissioner shall grant the exemption if the commissioner finds that the petitioner has
11.4 made the demonstration required by this paragraph.

11.5 (c) A public utility, consumer-owned utility, or owner of a large customer facility may
11.6 appeal a decision of the commissioner under paragraph (a) or (b) to the commission under
11.7 subdivision 2. In reviewing a decision of the commissioner under paragraph (a) or (b), the
11.8 commission shall rescind the decision if it finds the decision is not in the public interest.

11.9 (d) Notwithstanding paragraph (a), a large customer facility or commercial gas customer
11.10 that is exempt from the investment and expenditure requirements of this section pursuant
11.11 to an order from the commissioner as of December 31, 2020, is not required to submit
11.12 additional documentation to maintain the exemption and must not be assessed any costs
11.13 related to any energy conservation and optimization plan filed under this section or section
11.14 216B.2403, including but not limited to costs, incentives, or rates of return associated with
11.15 investments in programs for efficient fuel-switching improvements.

11.16 (e) A ~~public~~ utility is prohibited from spending for or investing in energy conservation
11.17 improvements that directly benefit a large energy facility or a large electric customer facility
11.18 the commissioner has issued an exemption to or that is otherwise exempted under this
11.19 section.

11.20 **EFFECTIVE DATE.** This section is effective the day following final enactment.

11.21 Sec. 15. Minnesota Statutes 2024, section 216B.241, subdivision 2a, is amended to read:

11.22 Subd. 2a. **Energy and conservation account.** (a) The energy and conservation account
11.23 is established in the special revenue fund in the state treasury.

11.24 (b) The commissioner must deposit money assessed or contributed under subdivisions
11.25 1d, 1e, 1f, and 7 in the state treasury and credit it to the energy and conservation account
11.26 in the special revenue fund. Money in the account assessed or contributed under subdivisions
11.27 1d, 1e, 1f, and 7 is appropriated to the commissioner for the purposes of subdivisions 1d,
11.28 1e, 1f, and 7.

11.29 (c) The commissioner must deposit money transferred from the fee on qualified
11.30 large-scale data centers established in section 216B.72 in the state treasury and credit it to
11.31 the account. Money transferred from the fee on qualified large-scale data centers is
11.32 appropriated to the commissioner to conduct energy conservation, weatherization, and
11.33 associated activities allowed under sections 216B.2403 and 216B.241, and the rules

12.1 applicable to those sections. The commissioner may spend money appropriated under this
 12.2 paragraph anywhere in the state, but only:

12.3 (1) on low-income programs; and

12.4 (2) as the result of a request for proposals process administered by the department.

12.5 (d) Interest on money in the account accrues to the account.

12.6 **EFFECTIVE DATE.** This section is effective the day following final enactment.

12.7 Sec. 16. **[216B.72] QUALIFIED LARGE-SCALE DATA CENTER FEE.**

12.8 (a) The commissioner must collect an annual fee from the qualified large-scale data
 12.9 center, on a schedule prescribed by the commissioner and deposited in the energy and
 12.10 conservation account established in section 216B.241, subdivision 2a.

12.11 (b) The fee is based on the qualified large-scale data center's peak demand the utility
 12.12 arranges to serve, reflecting the qualified large-scale data center's peak demand forecast
 12.13 provided to the utility, expressed in megawatts (MW), as follows:

12.14 <u>Peak Demand</u>	12.14 <u>Fee</u>
12.15 <u>(1) 100 to 250 MW</u>	12.15 <u>\$2,000,000</u>
12.16 <u>(2) above 250 MW but below 500 MW</u>	12.16 <u>\$3,000,000</u>
12.17 <u>(3) 500 MW but below 750 MW</u>	12.17 <u>\$4,000,000</u>
12.18 <u>(4) 750 MW or greater</u>	12.18 <u>\$5,000,000</u>

12.19 (c) The fee data collected under this section must be treated as nonpublic data, as defined
 12.20 under section 13.02, subdivision 9.

12.21 **EFFECTIVE DATE.** This section is effective the day following final enactment.

12.22 Sec. 17. Minnesota Statutes 2024, section 297A.68, subdivision 42, is amended to read:

12.23 Subd. 42. **Qualified Data centers.** (a) Purchases of enterprise information technology
 12.24 equipment and computer software for use in a qualified data center, ~~or~~ a qualified refurbished
 12.25 data center, or a qualified large-scale data center are exempt, except that computer software
 12.26 maintenance agreements are exempt for purchases made after June 30, 2013. The tax on
 12.27 purchases exempt under this paragraph must be imposed and collected as if the rate under
 12.28 section 297A.62, subdivision 1, applied, and then refunded after June 30, 2013, in the manner
 12.29 provided in section 297A.75. This exemption includes enterprise information technology
 12.30 equipment and computer software purchased to replace or upgrade enterprise information

13.1 technology equipment and computer software in a qualified data center, ~~or~~ a qualified
13.2 refurbished data center, or a qualified large-scale data center.

13.3 (b) Electricity used or consumed in the operation of a qualified data center or qualified
13.4 refurbished data center is exempt.

13.5 (c) For purposes of this subdivision, "qualified data center" means a facility in Minnesota:

13.6 (1) that is comprised of one or more buildings that consist in the aggregate of at least
13.7 25,000 square feet, and that are located on a single parcel or on contiguous parcels, where
13.8 the total cost of construction or refurbishment, investment in enterprise information
13.9 technology equipment, and computer software is at least \$30,000,000 within a 48-month
13.10 period. The 48-month period begins no sooner than July 1, 2012, except that costs for
13.11 computer software maintenance agreements purchased before July 1, 2013, are not included
13.12 in determining if the \$30,000,000 threshold has been met;

13.13 (2) that is constructed or substantially refurbished after June 30, 2012, where
13.14 "substantially refurbished" means that at least 25,000 square feet have been rebuilt or
13.15 modified, including:

13.16 (i) installation of enterprise information technology equipment; environmental control,
13.17 computer software, and energy efficiency improvements; and

13.18 (ii) building improvements; and

13.19 (3) that is used to house enterprise information technology equipment, where the facility
13.20 has the following characteristics:

13.21 (i) uninterruptible power supplies, generator backup power, or both;

13.22 (ii) sophisticated fire suppression and prevention systems; and

13.23 (iii) enhanced security. A facility will be considered to have enhanced security if it has
13.24 restricted access to the facility to selected personnel; permanent security guards; video
13.25 camera surveillance; an electronic system requiring pass codes, keycards, or biometric scans,
13.26 such as hand scans and retinal or fingerprint recognition; or similar security features.

13.27 In determining whether the facility has the required square footage, the square footage
13.28 of the following spaces shall be included if the spaces support the operation of enterprise
13.29 information technology equipment: office space, meeting space, and mechanical and other
13.30 support facilities. For purposes of this subdivision, "computer software" includes, but is not
13.31 limited to, software utilized or loaded at a qualified data center ~~or~~ qualified refurbished

14.1 data center, or qualified large-scale data center, including maintenance, licensing, and
14.2 software customization.

14.3 (d) For purposes of this subdivision, a "qualified refurbished data center" means an
14.4 existing facility that qualifies as a data center under paragraph (c), clauses (2) and (3), but
14.5 that is comprised of one or more buildings that consist in the aggregate of at least 25,000
14.6 square feet, and that are located on a single parcel or contiguous parcels, where the total
14.7 cost of construction or refurbishment, investment in enterprise information technology
14.8 equipment, and computer software is at least \$50,000,000 within a 24-month period.

14.9 (e) For purposes of this subdivision, "enterprise information technology equipment"
14.10 means computers and equipment supporting computing, networking, or data storage,
14.11 including servers and routers. It includes, but is not limited to: cooling systems, cooling
14.12 towers, and other temperature control infrastructure; power infrastructure for transformation,
14.13 distribution, or management of electricity used for the maintenance and operation of a
14.14 qualified data center or qualified refurbished data center, including but not limited to exterior
14.15 dedicated business-owned substations, backup power generation systems, battery systems,
14.16 and related infrastructure; and racking systems, cabling, and trays, which are necessary for
14.17 the maintenance and operation of the qualified data center ~~or~~ qualified refurbished data
14.18 center, or qualified large-scale data center.

14.19 (f) For purposes of this subdivision, "qualified large-scale data center" means a facility
14.20 in Minnesota:

14.21 (1) that is comprised of one or more buildings connected to each other by fiber and
14.22 associated equipment that consist in the aggregate of at least 25,000 square feet, and that
14.23 are located in one physical location or multiple locations; and

14.24 (2) for which the total cost of construction or refurbishment, investment in enterprise
14.25 information technology equipment, and computer software is at least \$250,000,000
14.26 collectively by the facility and its tenants within a 60-month period beginning after June
14.27 30, 2025.

14.28 (g) A qualified data center, qualified large-scale data center, or qualified refurbished
14.29 data center may claim the exemptions in this subdivision for purchases made either within
14.30 20 ~~35~~ years of the date of its first purchase qualifying for the exemption under paragraph
14.31 (a), or by June 30, 2042, whichever is earlier.

14.32 ~~(g) The purpose of this exemption is to create jobs in the construction and data center~~
14.33 ~~industries.~~

(h) The exemption in this subdivision is ~~effective for sales and purchases made~~ allowed for qualified data centers, qualified large-scale data centers, and qualified refurbished data centers that were certified under paragraph (i) before July 1, 2042.

(i) The commissioner of employment and economic development must certify to the commissioner of revenue, in a format approved by the commissioner of revenue, when a qualified data center has met the requirements under paragraph (c) ~~or~~ a qualified refurbished data center has met the requirements under paragraph (d), or a qualified large-scale data center has met the requirements under paragraph (f). The certification must provide the following information regarding each qualified data center or qualified refurbished data center:

(1) the total square footage amount;

(2) the total amount of construction or refurbishment costs and the total amount of qualifying investments in enterprise information technology equipment and computer software;

(3) the beginning and ending of the applicable period under ~~either~~ paragraph (c) ~~or~~ (d), or (f) in which the qualifying expenditures and purchases under clause (2) were made, but in no case shall the period begin before July 1, 2012; and

(4) the date upon which the qualified data center first met the requirements under paragraph (c) ~~or~~ a qualified refurbished data center first met the requirements under paragraph (d), or a qualified large-scale data center first met the requirements under paragraph (f).

(j) Any refund for sales tax paid on qualifying purchases under this subdivision must not be issued unless the commissioner of revenue has received the certification required under paragraph (i) issued by the commissioner of employment and economic development.

(k) The commissioner of employment and economic development must annually notify the commissioner of revenue of the qualified data centers that are projected to meet the requirements under paragraph (c) ~~and~~ the qualified refurbished data centers that are projected to meet the requirements under paragraph (d), and the qualified large-scale data centers that are projected to meet the requirements under paragraph (f), in each of the next four years. The notification must provide the information required under paragraph (i), clauses (1) to (4), for each qualified data center ~~or~~ qualified refurbished data center, or qualified large-scale data center.

(l) Laborers and mechanics performing work to construct or refurbish qualified large-scale data centers must be paid the prevailing wage rate for the work as defined in section 177.42, subdivision 6. Work performed to construct or refurbish qualified large-scale data centers is subject to the requirements and enforcement provisions of sections 177.27, 177.30, 177.32, and 177.41 to 177.45. For purposes of this paragraph, "refurbish" does not include maintenance or equipment refreshment or replacement. The commissioner of employment and economic development must not certify a qualified large-scale data center under paragraph (i) unless the entity seeking an exemption certifies to the commissioner of employment and economic development that it has complied with this paragraph for all covered work after June 30, 2025.

(m) Within three years after being placed in service, a qualified large-scale data center must certify to the commissioner of commerce that the facility has attained certification under one or more of the following sustainable design or green building standards:

(1) BREEAM for new construction or BREEAM in-use;

(2) Energy Star;

(3) Envision;

(4) ISO 50001-energy management;

(5) LEED for building design and construction or LEED for operations and maintenance;

(6) green globes for new construction or green globes for existing buildings;

(7) UL 3223; or

(8) other reasonable standards approved by the commissioner of employment and economic development.

(n) Notwithstanding section 289A.38, subdivision 1, the amount of the exemption allowed to a qualified large-scale data center must be repaid to the commissioner of revenue if the commissioner of commerce determines that a qualified large-scale data center has not met the requirements under paragraph (m). Nothing in this paragraph prohibits the commissioner of revenue from making an assessment of tax, interest, or penalties if the commissioner of revenue determines that sales to and purchases made by a qualified large-scale data center do not qualify for the exemption under this subdivision.

EFFECTIVE DATE. This section is effective for sales and purchases made after June 30, 2025.

17.1 Sec. 18. Minnesota Statutes 2024, section 297A.75, subdivision 1, as amended by Laws
17.2 2025, chapter 20, section 233, is amended to read:

17.3 Subdivision 1. **Tax collected.** The tax on the gross receipts from the sale of the following
17.4 exempt items must be imposed and collected as if the sale were taxable and the rate under
17.5 section 297A.62, subdivision 1, applied. The exempt items include:

17.6 (1) building materials for an agricultural processing facility exempt under section
17.7 297A.71, subdivision 13;

17.8 (2) building materials for mineral production facilities exempt under section 297A.71,
17.9 subdivision 14;

17.10 (3) building materials for correctional facilities under section 297A.71, subdivision 3;

17.11 (4) building materials used in a residence for veterans with a disability exempt under
17.12 section 297A.71, subdivision 11;

17.13 (5) elevators and building materials exempt under section 297A.71, subdivision 12;

17.14 (6) materials and supplies for qualified low-income housing under section 297A.71,
17.15 subdivision 23;

17.16 (7) materials, supplies, and equipment for municipal electric utility facilities under
17.17 section 297A.71, subdivision 35;

17.18 (8) equipment and materials used for the generation, transmission, and distribution of
17.19 electrical energy and an aerial camera package exempt under section 297A.68, subdivision
17.20 37;

17.21 (9) commuter rail vehicle and repair parts under section 297A.70, subdivision 3, paragraph
17.22 (a), clause (10);

17.23 (10) materials, supplies, and equipment for construction or improvement of projects and
17.24 facilities under section 297A.71, subdivision 40;

17.25 (11) enterprise information technology equipment and computer software for use in a
17.26 qualified data center, qualified large-scale data center, or qualified refurbished data center
17.27 exempt under section 297A.68, subdivision 42;

17.28 (12) materials, supplies, and equipment for qualifying capital projects under section
17.29 297A.71, subdivision 44, paragraphs (a) and (b);

17.30 (13) items purchased for use in providing critical access dental services exempt under
17.31 section 297A.70, subdivision 7, paragraph (c);

18.1 (14) items and services purchased under a business subsidy agreement for use or
18.2 consumption primarily in greater Minnesota exempt under section 297A.68, subdivision
18.3 44;

18.4 (15) building materials, equipment, and supplies for constructing or replacing real
18.5 property exempt under section 297A.71, subdivisions 49; 50, paragraph (b); and 51;

18.6 (16) building materials, equipment, and supplies for qualifying capital projects under
18.7 section 297A.71, subdivision 52; and

18.8 (17) building materials, equipment, and supplies for constructing, remodeling, expanding,
18.9 or improving a fire station, police station, or related facilities exempt under section 297A.71,
18.10 subdivision 53.

18.11 **EFFECTIVE DATE.** This section is effective for sales and purchases made after June
18.12 30, 2025.