Tax Expenditure Review Commission

Meeting Minutes

June 17, 2026
Hybrid Meeting – MN Capitol Room120/Zoom

Co-Chair Greg Davids called the meeting of the Tax Expenditure Review Commission (TERC) to order at 12:00 PM.

Members Present:
Rep. Esther Agbaje (Co-Chair)
Rep. Greg Davids (Co-Chair)
Sen. Doron Clark (Vice Chair)
Rep. Aisha Gomez (Ex Officio)
Sen. Mark Koran
Commissioner Paul Marquart

Members Excused:
Sen. Matt Klein
Rep. Kristin Robbins
Rep. Andy Smith
Sen. Bill Weber

A quorum was present.

Review and Approval of January 28, 2026, Meeting Minutes

Sen. Doron Clark moved to approve the meeting minutes from January 28, 2026 as presented. The **Motion Prevailed**, the meeting minutes from January 28, 2026 were approved as presented.

Review and Approval of Modifications to TERC Procedures

Christian Larson, Director with the Legislative Budget Office (LBO), presented several proposed changes to the current TERC evaluation procedures, which were originally adopted on December 10, 2025. Commission questions and discussion followed.

Motion: Co-Chair Davids moved to adopt the updated TERC evaluation procedures as presented to the Commission for consideration, and noted that the updated version would replace the previous version adopted on December, 10, 2025 in accordance with Minnesota Statutes, section 3.8855.

A roll call vote was taken.

AYE:	NAY:	EXCUSED:
Rep. Agbaje (Co-Chair)		Sen. Klein
Rep. Davids (Co-Chair)		Rep. Robbins
Sen. Clark (Vice Chair)		Rep. Smith
Sen. Koran		Sen. Weber
Commissioner Marquart		

There being 5 AYES, 0 NAYS, and 4 EXCUSED, the **Motion Prevailed**, the updated TERC evaluation procedures were adopted.

Review and Vote on Previously Presented Tax Expenditure Evaluations

Christian Larson, Director with the LBO, provided an overview of Commission members' aggregated evaluations of the Credit for Small Brewers (7.2.01), which was presented to the Commission on December 10, 2025. Commission questions and discussion followed.

Motion: Co-Chair Agbaje moved to remove the Small Winery Credit (7.2.03) from the Small Alcohol Producers Credit Tax Expenditure Bundle, as the number of responses received for that credit did not meet the quorum requirement outlined in the TERC evaluation procedures.

A roll call vote was taken.

AYE:	NAY:	EXCUSED:
Rep. Agbaje (Co-Chair)		Sen. Klein
Rep. Davids (Co-Chair)		Rep. Robbins
Sen. Clark (Vice Chair)		Rep. Smith
Sen. Koran		Sen. Weber
Commissioner Marquart		

There being 5 AYES, 0 NAYS, and 4 EXCUSED, the **Motion Prevailed**, the recommendation to remove the Small Winery Credit (7.2.03) from the Small Alcohol Producers Credit Tax Expenditure Bundle was adopted.

Continued Commission questions and discussion followed.

Motion: Co-Chair Agbaje moved to recommend the Small Alcohol Producers Credit Tax Expenditure Bundle, as modified (7.2.01 Credit for Small Brewers and 7.2.02 Microdistillery Credit), be repealed in accordance with the duties outlined in Minnesota Statutes, section 3.8855, subdivision 5(a)(9) and in accordance with the procedures of the TERC as presented and approved on June 17, 2026.

Continued Commission questions and discussion followed.

Christian Larson, Director with the LBO, provided an overview of Commission members' aggregated evaluations of the Microdistillery Credit (7.2.02), which was presented to the Commission on December 10, 2025. Continued commission questions and discussion followed.

Co-Chair Agbaje renewed her motion to recommend the Small Alcohol Producers Credit Tax Expenditure Bundle, as modified (7.2.01 Credit for Small Brewers and 7.2.02 Microdistillery Credit), be repealed in accordance with the duties outlined in Minnesota Statutes, section 3.8855, subdivision 5(a)(9) and in accordance with the procedures of the TERC as presented and approved on June 17, 2026.

A roll call vote was taken.

AYE:	NAY:	EXCUSED:
Rep. Agbaje (Co-Chair)	Commissioner Marquart	Sen. Klein
Rep. Davids (Co-Chair)		Rep. Robbins
Sen. Clark (Vice Chair)		Rep. Smith
Sen. Koran		Sen. Weber

There being 4 AYES, 1 NAY, and 4 EXCUSED, the **Motion Prevailed**, the recommendation to repeal the Small Alcohol Producers Credit Tax Expenditure Bundle, as modified (7.2.01 Credit for Small Brewers and 7.2.02 Microdistillery Credit) was adopted.

Christian Larson, Director with the LBO, provided an overview of Commission members' aggregated evaluations of the Lawful Gambling Tax Expenditures Bundle: Bingo at Certain Organizations (11.1.01), Bingo at Fairs and Civic Celebrations (11.1.02), Infrequent Bingo Occasions (11.1.03), Smaller Raffles (11.1.04), Lawful Gambling Under Certain Conditions (11.1.05), and Credit for Certain Raffles (11.2.01) which was presented to the Commission on December 10, 2025. Commission questions and discussion followed.

Motion: Co-Chair Agbaje moved to recommend the Lawful Gambling Tax Expenditures Bundle: Bingo at Certain Organizations (11.1.01), Bingo at Fairs and Civic Celebrations (11.1.02), Infrequent Bingo Occasions (11.1.03), Smaller Raffles (11.1.04), Lawful Gambling Under Certain Conditions (11.1.05), and Credit for Certain Raffles (11.2.01), be continued in accordance with the duties outlined in Minnesota Statutes, section 3.8855, subdivision 5(a)(9) and in accordance with the procedures of the TERC as presented and approved on June 17, 2026.

A roll call vote was taken.

AYE:	NAY:	EXCUSED:
Rep. Agbaje (Co-Chair)		Sen. Klein
Rep. Davids (Co-Chair)		Rep. Robbins
Sen. Clark (Vice Chair)		Rep. Smith
Sen. Koran		Sen. Weber
Commissioner Marquart		

There being 5 AYES, 0 NAYS, and 4 EXCUSED, the **Motion Prevailed**, the recommendation to continue the Lawful Gambling Tax Expenditures Bundle: Bingo at Certain Organizations (11.1.01), Bingo at Fairs and Civic Celebrations (11.1.02), Infrequent Bingo Occasions (11.1.03), Smaller Raffles (11.1.04), Lawful Gambling Under Certain Conditions (11.1.05), and Credit for Certain Raffles (11.2.01) was adopted.

Christian Larson, Director with the LBO, provided an overview of Commission members' aggregated evaluations of the Residential Utility Services Tax Expenditure Bundle: Residential Heating Fuels (4.1.14), Residential Water Services (4.1.15), Sewer Services (4.1.16), which was presented to the Commission on December 10, 2025. Commission questions and discussion followed.

Motion: Co-Chair Davids moved to recommend the Residential Utility Services Tax Expenditure Bundle: Residential Heating Fuels (4.1.14), Residential Water Services (4.1.15), and Sewer Services (4.1.16), be continued in accordance with the duties outlined in Minnesota Statutes, section 3.8855, subdivision 5(a)(9) and in accordance with the procedures of the TERC as presented and approved on June 17, 2026.

Continued Commission questions and discussion followed.

Co-Chair Davids renewed his motion to recommend the Residential Utility Services Tax Expenditure Bundle: Residential Heating Fuels (4.1.14), Residential Water Services (4.1.15), and Sewer Services (4.1.16), be continued in accordance with the duties outlined

in Minnesota Statutes, section 3.8855, subdivision 5(a)(9) and in accordance with the procedures of the TERC as presented and approved on June 17, 2026.

A roll call vote was taken.

AYE:	NAY:	EXCUSED:
Rep. Agbaje (Co-Chair)		Sen. Klein
Rep. Davids (Co-Chair)		Rep. Robbins
Sen. Clark (Vice Chair)		Rep. Smith
Sen. Koran		Sen. Weber
Commissioner Marquart		

There being 5 AYES, 0 NAYS, and 4 EXCUSED, the **Motion Prevailed**, the recommendation to continue the Residential Utility Services Tax Expenditure Bundle: Residential Heating Fuels (4.1.14), Residential Water Services (4.1.15), and Sewer Services (4.1.16) was adopted.

Christian Larson, Director with the LBO, provided an overview of Commission members' aggregated evaluations of the Data Center Equipment Exemption (4.2.12), which was presented to the Commission on January 15, 2026.

Motion: Co-Chair Davids moved to recommend the Data Center Equipment Exemption (4.2.12), be continued in accordance with the duties outlined in Minnesota Statutes, section 3.8855, subdivision 5(a)(9) and in accordance with the procedures of the TERC as presented and approved on June 17, 2026.

Commission questions and discussion followed.

Co-Chair Davids withdrew his motion.

Motion: Co-Chair Davids moved to recommend the Data Center Equipment Exemption (4.2.12), be modified in accordance with the duties outlined in Minnesota Statutes, section 3.8855, subdivision 5(a)(9) and in accordance with the procedures of the TERC as presented and approved on June 17, 2026.

Continued Commission questions and discussion followed.

A roll call vote was taken.

AYE:	NAY:	EXCUSED:
Rep. Agbaje (Co-Chair)		Sen. Klein
Rep. Davids (Co-Chair)		Rep. Robbins
Sen. Clark (Vice Chair)		Rep. Smith
Sen. Koran		Sen. Weber
Commissioner Marquart		

There being 5 AYES, 0 NAYS, and 4 EXCUSED, the **Motion Prevailed**, the recommendation to modify the Data Center Equipment Exemption (4.2.12) was adopted.

LBO Presentations of Tax Expenditure Evaluation Reports:

Vlad Fleurimond, Economist with the LBO, presented the Interest on Contributions to A First Time Homebuyer Account Tax Expenditure (1.4.14) Evaluation Report. Commission questions and discussion followed.

Annie Lemieux, Program Evaluator with the LBO, and Vlad Fleurimond, Economist with the LBO, presented the Home Mortgage Interest Tax Deduction Expenditure (1.3.05) Evaluation Report. Commission questions and discussion followed.

Co-Chair Davids noted that the Commission would wait to hear the presentation of the Mortgage Registration Tax Expenditure Evaluations Report for Agricultural Loans (9.1.01) and Government Housing (9.1.02) and DEED Transfer (10.1.01 – 10.1.06) until the July TERC meeting due to time constraints.

LBO Presentation of Initial Reviews and Proposed Objectives

Thomas Raney, Program Evaluator with the LBO, presented the Metropolitan Agricultural Preserves Land (13.2.05) Initial Review.

Motion: Co-Chair Davids moved to adopt the proposed tax expenditure objective for the Metropolitan Agricultural Preserves Land (13.2.05) for the purpose of evaluating that tax expenditure and directed the LBO to proceed with the tax expenditure evaluation in accordance with Minnesota Statutes 3.8855.

A roll call vote was taken.

AYE:	NAY:	EXCUSED:
Rep. Agbaje (Co-Chair)		Sen. Klein
Rep. Davids (Co-Chair)		Rep. Robbins
Sen. Clark (Vice Chair)		Rep. Smith
Sen. Koran		Sen. Weber
Commissioner Marquart		

There being 5 AYES, 0 NAYS, and 4 EXCUSED, the **Motion Prevailed**, the recommendation to adopt the proposed tax expenditure objective for the Metropolitan Agricultural Preserves Land (13.2.05) was adopted.

Thomas Raney, Program Evaluator with the LBO, presented the Metropolitan Agricultural Preserves Credit (13.3.03) Initial Review.

Motion: Co-Chair Davids moved to adopt the proposed tax expenditure objective for the Metropolitan Agricultural Preserves Credit (13.3.03) for the purpose of evaluating that tax expenditure and directed the LBO to proceed with the tax expenditure evaluation in accordance with Minnesota Statutes 3.8855.

A roll call vote was taken.

AYE:	NAY:	EXCUSED:
Rep. Agbaje (Co-Chair)		Sen. Klein
Rep. Davids (Co-Chair)		Rep. Robbins
Sen. Clark (Vice Chair)		Rep. Smith
Sen. Koran		Sen. Weber
Commissioner Marquart		

There being 5 AYES, 0 NAYS, and 4 EXCUSED, the **Motion Prevailed**, the recommendation to adopt the proposed tax expenditure objective for the Metropolitan Agricultural Preserves Credit (13.3.03) was adopted.

Thomas Raney, Program Evaluator with the LBO, presented the Special Use Valuation (3.1.01) Initial Review. Commission questions and discussion followed.

Motion: Co-Chair Davids moved to adopt the proposed tax expenditure objective for the Special Use Valuation (3.1.01) for the purpose of evaluating that tax expenditure and directed the LBO to proceed with the tax expenditure evaluation in accordance with Minnesota Statutes 3.8855.

A roll call vote was taken.

AYE:	NAY:	EXCUSED:
Rep. Agbaje (Co-Chair)		Sen. Klein
Rep. Davids (Co-Chair)		Rep. Robbins
Sen. Clark (Vice Chair)		Rep. Smith
Sen. Koran		Sen. Weber
Commissioner Marquart		

There being 5 AYES, 0 NAYS, and 4 EXCUSED, the **Motion Prevailed**, the recommendation to adopt the proposed tax expenditure objective for the Special Use Valuation (3.1.01) was adopted.

Agenda Items for Next Meeting

Director Larson reminded members that the Commission would hear the Mortgage Registration Tax Expenditure Evaluations Report for Agricultural Loans (9.1.01) and Government Housing (9.1.02) and DEED Transfer (10.1.01 – 10.1.06) at the July meeting, along with the Open Space Property Tax Expenditure Evaluation Report. Director Larson also noted that evaluation responses for tax expenditure evaluations presented today, and going forward, would be sent to members as an online survey instead of a fillable PDF.

Adjournment

There being no further business, the meeting adjourned at 1:32 PM.