

HF9062 - 0 - Data Center Provisions and Taxes Modified

Chief Author: **Greg Davids**
 Committee: **Energy Finance And Policy**
 Date Completed: **7/16/2025 8:35:42 AM**
 Lead Agency: **Public Utilities Commission**
 Other Agencies:
 Agriculture Dept Attorney General
 Commerce Dept Employment and Economic Dvlpmt
 Health Dept Labor and Industry Dept
 Natural Resources Dept Pollution Control Agency
 Revenue Dept Water and Soil Resources Board

State Fiscal Impact	Yes	No
Expenditures	X	
Fee/Departmental Earnings	X	
Tax Revenue	X	
Information Technology		X
Local Fiscal Impact	X	

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions shown in the parentheses.

State Cost (Savings)		Biennium			Biennium	
Dollars in Thousands		FY2025	FY2026	FY2027	FY2028	FY2029
Commerce Dept		-	-	-	-	-
Restrict Misc Special Revenue		-	-	-	-	-
Labor and Industry Dept		-	-	-	-	-
Workforce Development		-	-	-	-	-
State Total						
Restrict Misc Special Revenue		-	-	-	-	-
Workforce Development		-	-	-	-	-
Total		-	-	-	-	-
Biennial Total				-		-

Full Time Equivalent Positions (FTE)		Biennium			Biennium	
		FY2025	FY2026	FY2027	FY2028	FY2029
Commerce Dept		-	-	-	-	-
Restrict Misc Special Revenue		-	1.5	1.5	1.5	1.5
Labor and Industry Dept		-	-	-	-	-
Workforce Development		-	.12	.12	.12	.12
Total		-	1.62	1.62	1.62	1.62

Lead LBO Analyst's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

LBO Signature: Karl Palm **Date:** 7/16/2025 8:35:42 AM
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State Cost (Savings) Calculation Details

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions are shown in parentheses.

*Transfers In/Out and Absorbed Costs are only displayed when reported.

State Cost (Savings) = 1-2		Biennium			Biennium
Dollars in Thousands		FY2025	FY2026	FY2027	FY2028
					FY2029
Commerce Dept	-	-	-	-	-
Restrict Misc Special Revenue	-	-	-	-	-
Labor and Industry Dept	-	-	-	-	-
Workforce Development	-	-	-	-	-
Total	-	-	-	-	-
Biennial Total			-		-
1 - Expenditures, Absorbed Costs*, Transfers Out*					
Commerce Dept	-	-	-	-	-
Restrict Misc Special Revenue	-	2,000	2,000	2,000	2,000
Labor and Industry Dept	-	-	-	-	-
Workforce Development					
Expenditures	-	15	15	15	15
Absorbed Costs	-	(15)	(15)	(15)	(15)
Total	-	2,000	2,000	2,000	2,000
Biennial Total			4,000		4,000
2 - Revenues, Transfers In*					
Commerce Dept	-	-	-	-	-
Restrict Misc Special Revenue	-	2,000	2,000	2,000	2,000
Labor and Industry Dept	-	-	-	-	-
Workforce Development	-	-	-	-	-
Total	-	2,000	2,000	2,000	2,000
Biennial Total			4,000		4,000

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 Committee: **Energy Finance And Policy**
 Date Completed: **7/16/2025 8:35:42 AM**
 Agency: **Public Utilities Commission**

State Fiscal Impact	Yes	No
Expenditures		X
Fee/Departmental Earnings		X
Tax Revenue		X
Information Technology		X
Local Fiscal Impact		X

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative.
 Reductions shown in the parentheses.

State Cost (Savings)		Biennium			Biennium	
Dollars in Thousands		FY2025	FY2026	FY2027	FY2028	FY2029
Total		-	-	-	-	-
Biennial Total				-		-

Full Time Equivalent Positions (FTE)		Biennium			Biennium	
		FY2025	FY2026	FY2027	FY2028	FY2029
Total		-	-	-	-	-

LBO Analyst's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

LBO Signature: Karl Palm **Date:** 6/10/2025 1:37:27 PM
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State Cost (Savings) Calculation Details

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions are shown in parentheses.

*Transfers In/Out and Absorbed Costs are only displayed when reported.

State Cost (Savings) = 1-2		Biennium			Biennium	
Dollars in Thousands		FY2025	FY2026	FY2027	FY2028	FY2029
Total		-	-	-	-	-
Biennial Total				-		-
1 - Expenditures, Absorbed Costs*, Transfers Out*						
Total		-	-	-	-	-
Biennial Total				-		-
2 - Revenues, Transfers In*						
Total		-	-	-	-	-
Biennial Total				-		-

Bill Description

This fiscal note will summarize the sections of the bill that are under the jurisdiction of the Public Utilities Commission.

Section 9 would require the Commission to establish by order by December 15, 2026 the definition and characteristics of a "very large customer class" or "subclass" for each public utility providing electric service. Then, the Commission would be required to approve, modify or reject a tariff or electric service agreement establishing the terms and conditions under which the utility will provide electric service to the very large customer, considering how best to achieve specified goals.

Section 10 directs the Commission to require each public utility to offer a clean energy and capacity tariff. The tariff is a voluntary contract with between the utility and one or more customers that meets specified criteria.

Sections 11 and 12 require a public utility serving fewer than 200,000 retail electric customers to treat data centers the same as other large industrial customers for the purposes of MN Stat 216B.1691, subdivisions 2f and 2h.

Assumptions

The cost to the Public Utilities Commission of implementing sections 9, 10, 11 and 12 are within the current operating capacity of the PUC. This bill language is anticipated to have no fiscal impact to the PUC.

Expenditure and/or Revenue Formula

n/a

Long-Term Fiscal Considerations

n/a

Local Fiscal Impact

n/a

References/Sources

n/a

Agency Contact:

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HF9062 - 0 - Data Center Provisions and Taxes Modified

Chief Author: **Greg Davids**
 Committee: **Energy Finance And Policy**
 Date Completed: **7/16/2025 8:35:42 AM**
 Agency: **Agriculture Dept**

State Fiscal Impact	Yes	No
Expenditures		X
Fee/Departmental Earnings		X
Tax Revenue		X
Information Technology		X
Local Fiscal Impact		X

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative.
 Reductions shown in the parentheses.

State Cost (Savings)		Biennium			Biennium	
Dollars in Thousands		FY2025	FY2026	FY2027	FY2028	FY2029
Total		-	-	-	-	-
Biennial Total				-		-

Full Time Equivalent Positions (FTE)		Biennium			Biennium	
		FY2025	FY2026	FY2027	FY2028	FY2029
Total		-	-	-	-	-

LBO Analyst's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

LBO Signature: Karl Palm **Date:** 6/11/2025 8:30:23 AM
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State Cost (Savings) Calculation Details

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions are shown in parentheses.

*Transfers In/Out and Absorbed Costs are only displayed when reported.

State Cost (Savings) = 1-2		Biennium			Biennium	
Dollars in Thousands		FY2025	FY2026	FY2027	FY2028	FY2029
	Total	-	-	-	-	-
	Biennial Total			-		-
1 - Expenditures, Absorbed Costs*, Transfers Out*						
	Total	-	-	-	-	-
	Biennial Total			-		-
2 - Revenues, Transfers In*						
	Total	-	-	-	-	-
	Biennial Total			-		-

Bill Description

Bill relates to data centers; modifying various environmental and energy regulatory requirements governing data centers; authorizing a clean energy and capacity tariff; modifying sales and use tax exemptions; imposing a fee; classifying data; adding and modifying various definitions; appropriating money; amending Minnesota Statutes 2024, sections 103G.265, by adding a subdivision; 103G.271, by adding a subdivision; 216B.02, by adding subdivisions; 216B.1691, subdivisions 2f, 2h, as amended; 216B.2402, subdivision 10; 216B.241, subdivisions 1a, 2a; 297A.68, subdivision 42; 297A.75, subdivision 1, as amended; proposing coding for new law in Minnesota Statutes, chapters 84; 103B; 116; 144; 216B.

Section 3 of the bill proposes to amend Minnesota Statutes 2024, section 103G.265 to add a subdivision related to preapplication evaluation of certain water appropriation projects whose proposed consumptive use exceeds 100,000,000 gallons per year and which requires a permit amendment or a new individual permit. The bill allows the data centers department to consult the commissioners of health, agriculture, and the Pollution Control Agency, and other state agencies in determining the impact of a potential project on water quality and quantity.

Assumptions

The bill allows the MDA to respond to data center's request to provide consultation related to the preapplication evaluation of certain water appropriation projects whose proposed consumptive use exceeds 100,000,000 gallons per year and which requires a permit amendment or a new individual permit. The MDA collects information on the usage of pesticides and fertilizers in agriculture and can share this data with the requesting department upon request. The Pesticide and Fertilizer Management Division does not anticipate a fiscal impact from this change.

Expenditure and/or Revenue Formula

N/A

Long-Term Fiscal Considerations

N/A

Local Fiscal Impact

N/A

References/Sources

N/A

Agency Contact: Joshua Stamper 651-201-6639

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HF9062 - 0 - Data Center Provisions and Taxes Modified

Chief Author: **Greg Davids**
 Committee: **Energy Finance And Policy**
 Date Completed: **7/16/2025 8:35:42 AM**
 Agency: **Attorney General**

State Fiscal Impact	Yes	No
Expenditures		X
Fee/Departmental Earnings		X
Tax Revenue		X
Information Technology		X
Local Fiscal Impact		X

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative.
 Reductions shown in the parentheses.

State Cost (Savings)		Biennium			Biennium	
Dollars in Thousands		FY2025	FY2026	FY2027	FY2028	FY2029
Total		-	-	-	-	-
Biennial Total				-		-

Full Time Equivalent Positions (FTE)		Biennium			Biennium	
		FY2025	FY2026	FY2027	FY2028	FY2029
Total		-	-	-	-	-

LBO Analyst's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

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State Cost (Savings) Calculation Details

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions are shown in parentheses.

*Transfers In/Out and Absorbed Costs are only displayed when reported.

State Cost (Savings) = 1-2		Biennium			Biennium	
Dollars in Thousands		FY2025	FY2026	FY2027	FY2028	FY2029
	Total	-	-	-	-	-
	Biennial Total			-		-
1 - Expenditures, Absorbed Costs*, Transfers Out*						
	Total	-	-	-	-	-
	Biennial Total			-		-
2 - Revenues, Transfers In*						
	Total	-	-	-	-	-
	Biennial Total			-		-

Bill Description

HF 9062 relates to qualified large scale data centers owned and operated in Minnesota. Sec. 17. Minnesota Statutes 2024, section 297A.68, subdivision 42 (l) (lines 16.1-16.5) of the bill provides that "[l]aborers 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.

The Minnesota Attorney General's Office (AGO) has authority to enforce Chapter 177, including 177.42, under section 8.31 (see 177.45).

Assumptions

If there is, or believed to be, a contractor violating prevailing wage laws, AGO may receive a complaint from a worker, a worker advocacy group or a competitor. When we receive complaints, AGO staff conduct an initial screen and may seek additional information from other sources to consider whether further action is merited.

If there is reason to believe a violation occurred, additional actions, which can range anywhere from writing an enforcement letter, issuing a Civil Investigative Demand (CID), engaging in remedial / settlement discussions or filing a lawsuit with the district court, may also occur.

As the bill is currently written, the Attorney General's Office does not project any defined expenditures, absorbed costs, or revenues from the bill. Investigations of alleged violations or civil litigation to enforce the law would be pursued by the Office's existing attorneys and investigators.

Expenditure and/or Revenue Formula

Long-Term Fiscal Considerations

Local Fiscal Impact

References/Sources

Agency Contact: Laura Sayles

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HF9062 - 0 - Data Center Provisions and Taxes Modified

Chief Author: **Greg Davids**
 Committee: **Energy Finance And Policy**
 Date Completed: **7/16/2025 8:35:42 AM**
 Agency: **Commerce Dept**

State Fiscal Impact	Yes	No
Expenditures	X	
Fee/Departmental Earnings	X	
Tax Revenue		X
Information Technology		X
Local Fiscal Impact		X

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative.
 Reductions shown in the parentheses.

State Cost (Savings)		Biennium			Biennium	
Dollars in Thousands	FY2025	FY2026	FY2027	FY2028	FY2029	
Restrict Misc Special Revenue	-	-	-	-	-	-
Total	-	-	-	-	-	-
Biennial Total			-			-

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2025	FY2026	FY2027	FY2028	FY2029
Restrict Misc Special Revenue	-	1.5	1.5	1.5	1.5
Total	-	1.5	1.5	1.5	1.5

LBO Analyst's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

LBO Signature: Karl Palm **Date:** 7/7/2025 1:01:00 PM
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State Cost (Savings) Calculation Details

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions are shown in parentheses.

*Transfers In/Out and Absorbed Costs are only displayed when reported.

State Cost (Savings) = 1-2		Biennium			Biennium	
Dollars in Thousands		FY2025	FY2026	FY2027	FY2028	FY2029
Restrict Misc Special Revenue		-	-	-	-	-
Total		-	-	-	-	-
Biennial Total				-		-
1 - Expenditures, Absorbed Costs*, Transfers Out*						
Restrict Misc Special Revenue		-	2,000	2,000	2,000	2,000
Total		-	2,000	2,000	2,000	2,000
Biennial Total				4,000		4,000
2 - Revenues, Transfers In*						
Restrict Misc Special Revenue		-	2,000	2,000	2,000	2,000
Total		-	2,000	2,000	2,000	2,000
Biennial Total				4,000		4,000

Bill Description

HF9062-0 proposes various requirements around data center development.

Sections 1-2 and 5-6 establish it is the policy of this state that inquiries related to the permitting of a data center are also referred to the Minnesota Business First Stop Program administered by the Department of Employment and Economic Development and that commissioners of Natural Resources, Pollution Control Agency, Health and the executive director of the Board of Water and Soil Resources must take reasonable steps to ensure that agency permitting staff are aware of this policy and have the resources to efficiently refer those inquiries to Minnesota Business First Stop.

Sections 3-4 establish preapplication evaluation and permit conditions of large water appropriation projects for a data center in which proposed consumptive use exceeds 100,000,000 gallons per year and which requires a permit amendment or a new individual permit, the Department of Natural Resources may request additional information for this evaluation process.

Sections 7-8 define data centers as a facility that is designed to have a load of 100 megawatts or more and whose primary purpose is the storage, management, and processing of digital data via the interconnection and operation of information technology and network telecommunications equipment, including all related facilities and infrastructure for backup electricity generation, power distribution, environmental control, cooling, and security.

Sections 9-10 provide the Minnesota Public Utilities Commission (PUC) the ability to establish by order the definition and appropriate characteristics of a very large customer class or subclass for each public utility providing electric service; and the PUC may approve, modify or reject a tariff or electric service agreement proposed between a public utility and a very large customer establishing the terms and conditions under which the utility will provide electric service to the customer. Additionally, the PUC shall require each public utility to offer a clean energy and capacity tariff for commercial and industrial customers.

Sections 11-14 and 17-18 make technical changes to Minn. Stat. 216B.1691; 216B.2402; 216B.241; 297A.68; 297A.75 to add "qualified large-scale data center". The bill also adds that laborers and mechanics performing work to construct or refurbish qualified large-scale data centers must be paid the prevailing wage rate for the work.

Section 15 amends Minn. Stat. 216B.241, subdivision 2a to order Department of Commerce to deposit money transferred from the fee on qualified large-scale data centers established in section 216B.72 in the state treasury and credit it to the account. Money transferred from the fee on qualified large-scale data centers is appropriated to the Commerce Department to conduct energy conservation, weatherization, and associated activities allowed under sections 216B.2403 and 216B.241, and the rules applicable to those sections. Commerce Department may spend money appropriated under this paragraph anywhere in the state, but only on low-income programs and as the result of a request for proposals process administered by the Commerce Department.

Section 16 establishes a qualified large-scale data center fee in which Commerce Department must collect an annual fee from the qualified large-scale data center, on a schedule prescribed by the commissioner and deposited in the energy and conservation account established in section 216B.241, subdivision 2a. The fee is based on the qualified large-scale data center's peak demand the utility arranges to serve reflecting the qualified large-scale data center's peak demand forecast provided to the utility. The fee data collected under this section must be treated as nonpublic data.

Sections 3-4 and 7-16 are effective the day following final enactment.

Sections 17-18 are effective for sales and purchase made after June 30, 2025.

Assumptions

Section 15 states that the Department of Commerce (Commerce) will issue a request for proposals (RFP) process to allocate funds collected from data center fees toward low-income energy conservation, weatherization, and associated activities. This will require a Program Administrator to develop the RFP in concert with other program staff, including Weatherization Assistance Program staff. Commerce estimates that in the first year, this will require 1 FTE to effectively scope the program, develop the requisite materials for the RFP, assess the frequency of RFPs needed, conduct outreach to potential partners, and then review proposals. Additional staff will be brought in as part of the RFP review process, but these staff can conduct the reviews as part of their normal work activities. After recipients are selected, the Program Administrator will continue ongoing programmatic management responsibilities with selectees and continue to operate the program with new RFP rounds. This will be an ongoing staff requirement.

In addition to a Program Administrator, Commerce will require a Grants Specialist to execute issuance of the RFP, field RFP questions, facilitate the review process, conduct the required review of potential contractors, issue contracts and then provide ongoing grants management oversight to funding recipients. This will require a 0.5 FTE in the first year. This will be an ongoing staff requirement. Commerce assumes the remainder of the funding (\$1.8M) will be awarded in grants.

Regarding fees, Commerce estimates \$2 million each year in the next biennium, from one data center that is under development in Rosemount, Minnesota. Thus, Commerce estimates annual fee revenues to be, at minimum, \$2 million. As additional data center projects come online, the revenues from the annual fee would increase accordingly, thus growing the program.

Expenditure and/or Revenue Formula

1.0 FTE Program Administrator (State Program Administrator)

0.5 FTE Grants Specialist (Grant Specialist Intermediate)

			FY26	FY27	FY28	FY29
Salary			109,693	109,693	109,693	109,693
Fringe			32,908	32,908	32,908	32,908
Other Personnel Related Costs			50,381	50,381	50,381	50,381
			192,982	192,982	192,982	192,982

Remaining \$1.8M in grants

Revenue: \$2 million annually

Long-Term Fiscal Considerations

Local Fiscal Impact

References/Sources

Agency Contact:

Agency Fiscal Note Coordinator Signature: Amy Trumper

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HF9062 - 0 - Data Center Provisions and Taxes Modified

Chief Author: **Greg Davids**
 Committee: **Energy Finance And Policy**
 Date Completed: **7/16/2025 8:35:42 AM**
 Agency: **Employment and Economic Dvlpmt**

State Fiscal Impact	Yes	No
Expenditures		X
Fee/Departmental Earnings		X
Tax Revenue		X
Information Technology		X
Local Fiscal Impact		X

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 Reductions shown in the parentheses.

State Cost (Savings)		Biennium			Biennium	
Dollars in Thousands		FY2025	FY2026	FY2027	FY2028	FY2029
Total		-	-	-	-	-
Biennial Total				-		-

Full Time Equivalent Positions (FTE)		Biennium			Biennium	
		FY2025	FY2026	FY2027	FY2028	FY2029
Total		-	-	-	-	-

LBO Analyst's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

LBO Signature: Karl Palm **Date:** 6/13/2025 12:37:30 PM
Phone: 651-296-6055 **Email:** karl.palm@lbo.mn.gov

State Cost (Savings) Calculation Details

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions are shown in parentheses.

*Transfers In/Out and Absorbed Costs are only displayed when reported.

State Cost (Savings) = 1-2		Biennium			Biennium	
Dollars in Thousands		FY2025	FY2026	FY2027	FY2028	FY2029
Total		-	-	-	-	-
Biennial Total				-		-
1 - Expenditures, Absorbed Costs*, Transfers Out*						
Total		-	-	-	-	-
Biennial Total				-		-
2 - Revenues, Transfers In*						
Total		-	-	-	-	-
Biennial Total				-		-

Bill Description

This bill would require inquiries related to the permitting of a data center to be referred to the Minnesota Business First Stop program at DEED.

Assumptions

This bill is expected to have no fiscal impact to DEED. Minnesota Business First Stop already works with many data center projects that seek permitting assistance through the program.

Expenditure and/or Revenue Formula**Long-Term Fiscal Considerations****Local Fiscal Impact****References/Sources****Agency Contact:**

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HF9062 - 0 - Data Center Provisions and Taxes Modified

Chief Author: **Greg Davids**
 Committee: **Energy Finance And Policy**
 Date Completed: **7/16/2025 8:35:42 AM**
 Agency: **Health Dept**

State Fiscal Impact	Yes	No
Expenditures		X
Fee/Departmental Earnings		X
Tax Revenue		X
Information Technology		X
Local Fiscal Impact	X	

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative.
 Reductions shown in the parentheses.

State Cost (Savings)		Biennium			Biennium	
Dollars in Thousands		FY2025	FY2026	FY2027	FY2028	FY2029
Total		-	-	-	-	-
Biennial Total				-		-

Full Time Equivalent Positions (FTE)		Biennium			Biennium	
		FY2025	FY2026	FY2027	FY2028	FY2029
Total		-	-	-	-	-

LBO Analyst's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

LBO Signature: Shannon Zila **Date:** 6/11/2025 8:43:56 AM
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State Cost (Savings) Calculation Details

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions are shown in parentheses.

*Transfers In/Out and Absorbed Costs are only displayed when reported.

State Cost (Savings) = 1-2		Biennium			Biennium	
Dollars in Thousands		FY2025	FY2026	FY2027	FY2028	FY2029
	Total	-	-	-	-	-
	Biennial Total			-		-
1 - Expenditures, Absorbed Costs*, Transfers Out*						
	Total	-	-	-	-	-
	Biennial Total			-		-
2 - Revenues, Transfers In*						
	Total	-	-	-	-	-
	Biennial Total			-		-

Bill Description

This bill establishes conditions for permitting data centers in Minnesota whose proposed water use exceed 100 million gallons per year. The bill provides for a preapplication process that includes information that DNR may require describing potential groundwater impacts of the proposed facility. Agencies listed in the bill must ensure that their permitting staff refer any inquiries to the Minnesota Business First Stop Program at the Department of Employment and Economic Development. Other state agencies may be consulted to ensure that potential impacts are identified.

Assumptions

MDH has determined that there are no specific new fiscal impacts. MDH already provides technical assistance to DNR when there are potential adverse water quality or quantity impacts to public water systems or private wells due to changes in pumping volumes from shared aquifers. The proposed language might add a relatively few such collaborations but not an appreciable new workload.

MDH earnings will not be impacted because the fees/taxes go to other state agencies

Tax revenue will be generated, but not for/by MDH

If MDH is only consulting, no IT systems will be required for program implementation

Expenditure and/or Revenue Formula

Long-Term Fiscal Considerations

National capacity to perform large scale data management will be a critical resource to the expanding Internet economy and the ability for rural areas to efficiently connect to cyber-resources. While the long-term benefit to the local area and Minnesota will be limited, these facilities need to be created, and they must go somewhere. Negative long-term fiscal outcomes will occur if they are in areas that cannot support the infrastructure needs of the facility.

Local Fiscal Impact

Impacts could be significant based on aquifer limitations, water use impacts to municipal wells and/or local water users, discharge conditions, and possible impacts to local electrical grids. Potential negative fiscal impacts would be felt most acutely in the local area, while long-term positive impacts will be distributed across a wider region of the state/country. Large water volume users do have the potential to cause interference (or out of water) situations with nearby private well

users and, if determined by the DNR, the users become financially liable for compensating affected parties for water quantity and quality adverse outcomes.

References/Sources

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Date: 6/11/2025 8:18:48 AM

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HF9062 - 0 - Data Center Provisions and Taxes Modified

Chief Author: **Greg Davids**
 Committee: **Energy Finance And Policy**
 Date Completed: **7/16/2025 8:35:42 AM**
 Agency: **Labor and Industry Dept**

State Fiscal Impact	Yes	No
Expenditures		X
Fee/Departmental Earnings		X
Tax Revenue		X
Information Technology		X
Local Fiscal Impact		X

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative.
 Reductions shown in the parentheses.

State Cost (Savings)	Biennium			Biennium	
	FY2025	FY2026	FY2027	FY2028	FY2029
Dollars in Thousands					
Workforce Development	-	-	-	-	-
Total	-	-	-	-	-
Biennial Total			-		-

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2025	FY2026	FY2027	FY2028	FY2029
Workforce Development	-	.12	.12	.12	.12
Total	-	.12	.12	.12	.12

LBO Analyst's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

LBO Signature: Karl Palm **Date:** 7/16/2025 8:35:15 AM
Phone: 651-296-6055 **Email:** karl.palm@lbo.mn.gov

State Cost (Savings) Calculation Details

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions are shown in parentheses.

*Transfers In/Out and Absorbed Costs are only displayed when reported.

State Cost (Savings) = 1-2		Biennium			Biennium	
Dollars in Thousands		FY2025	FY2026	FY2027	FY2028	FY2029
Workforce Development		-	-	-	-	-
Total		-	-	-	-	-
Biennial Total				-		-
1 - Expenditures, Absorbed Costs*, Transfers Out*						
Workforce Development						
Expenditures		-	15	15	15	15
Absorbed Costs		-	(15)	(15)	(15)	(15)
Total		-	-	-	-	-
Biennial Total				-		-
2 - Revenues, Transfers In*						
Workforce Development						
Total		-	-	-	-	-
Biennial Total				-		-

Bill Description

Section 17 of this bill amends Minn. Stat. 297A.68, subd. 42 by requiring that laborers and mechanics constructing or refurbishing qualified large-scale data centers be paid the prevailing wage rate. Additionally, this bill establishes this work is otherwise subject to the Minnesota Prevailing Wage Act and related enforcement provisions under Chapter 177.

Assumptions**Training and Outreach**

The Minnesota Department of Labor and Industry (DLI) currently provides training and outreach to contractors and contracting authorities under Minn. Stat. 177.43. DLI assumes some additional training and outreach efforts relating to this bill to be immaterial and handled by existing staff.

Enforcement

The applicability of prevailing wage requirements to the construction or refurbishing of qualified large-scale data centers would require additional enforcement efforts. DLI estimates that an average prevailing wage investigation requires an average of 240 hours to complete. Investigatory records examined could include construction bids and contracts, project schedules, certified payroll reports, fringe benefit plan documents and statements, time records, and earning statements; worker interviews would also likely be conducted.

DLI assumes that in response to this bill it will receive and respond to one additional prevailing wage complaint each year.

1 prevailing wage investigation X 240 hours = 240 hours (0.12 FTE / MAPE 12L Labor Investigator Sr). DLI could absorb these additional hours under current staffing/resources.

Expenditure and/or Revenue Formula

Labor Investigator Sr - MAPE 12L	2026	2027	2028	2029
FTE	0.12	0.12	0.12	0.12

Salary per FTE (Midpoint)	78,183	78,183	78,183	78,183
Fringe Benefits (32% of Salary)	25,019	25,019	25,019	25,019
Indirect (16% of Salary/Fringe)	16,512	16,512	16,512	16,512
Salary/Fringe/Indirect	14,366	14,366	14,366	14,366
Non-Personnel Services	1,126	1,126	1,126	1,126
Cumulative Cost	15,492	15,492	15,492	15,492

Long-Term Fiscal Considerations

NA

Local Fiscal Impact

NA

References/Sources

NA

Agency Contact: Jessica Grosz 651-358-3137

Agency Fiscal Note Coordinator Signature: Jacob Gaub

Phone: 651-284-5812

Date: 7/11/2025 12:01:34 PM

Email: jacob.gaub@state.mn.us

HF9062 - 0 - Data Center Provisions and Taxes Modified

Chief Author: **Greg Davids**
 Committee: **Energy Finance And Policy**
 Date Completed: **7/16/2025 8:35:42 AM**
 Agency: **Natural Resources Dept**

State Fiscal Impact	Yes	No
Expenditures		X
Fee/Departmental Earnings		X
Tax Revenue		X
Information Technology		X
Local Fiscal Impact		X

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative.
 Reductions shown in the parentheses.

State Cost (Savings)		Biennium			Biennium	
Dollars in Thousands		FY2025	FY2026	FY2027	FY2028	FY2029
Total		-	-	-	-	-
Biennial Total				-		-

Full Time Equivalent Positions (FTE)		Biennium			Biennium	
		FY2025	FY2026	FY2027	FY2028	FY2029
Total		-	-	-	-	-

LBO Analyst's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

LBO Signature: Jim Carlson **Date:** 6/11/2025 9:16:46 AM
Phone: 651-284-6540 **Email:** jim.carlson@lbo.mn.gov

State Cost (Savings) Calculation Details

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions are shown in parentheses.

*Transfers In/Out and Absorbed Costs are only displayed when reported.

State Cost (Savings) = 1-2		Biennium			Biennium	
Dollars in Thousands		FY2025	FY2026	FY2027	FY2028	FY2029
Total		-	-	-	-	-
Biennial Total				-		-
1 - Expenditures, Absorbed Costs*, Transfers Out*						
Total		-	-	-	-	-
Biennial Total				-		-
2 - Revenues, Transfers In*						
Total		-	-	-	-	-
Biennial Total				-		-

Bill Description

This bill amends several Minnesota statutes relating to energy to address large water appropriation projects and data centers in particular.

Assumptions

The Department of Natural Resources has determined that there are no specific new fiscal impacts. The DNR already provides hundreds of these types of assessments on an annual basis as part of its Water Appropriation Permit evaluation process. The proposed language might add a relatively few such assessments earlier in the process but not an appreciable new workload.

Expenditure and/or Revenue Formula

N/A

Long-Term Fiscal Considerations

N/A

Local Fiscal Impact

N/A

References/Sources

N/A

Agency Contact: Jason Moeckel (651) 259-5240

Agency Fiscal Note Coordinator Signature: Tyler Teggatz

Phone: 651-259-5304

Date: 6/10/2025 5:06:19 PM

Email: tyler.teggatz@state.mn.us

HF9062 - 0 - Data Center Provisions and Taxes Modified

Chief Author: **Greg Davids**
 Committee: **Energy Finance And Policy**
 Date Completed: **7/16/2025 8:35:42 AM**
 Agency: **Pollution Control Agency**

State Fiscal Impact	Yes	No
Expenditures		X
Fee/Departmental Earnings		X
Tax Revenue	X	
Information Technology		X
Local Fiscal Impact		X

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative.
 Reductions shown in the parentheses.

State Cost (Savings)		Biennium			Biennium	
Dollars in Thousands		FY2025	FY2026	FY2027	FY2028	FY2029
Total		-	-	-	-	-
Biennial Total				-		-

Full Time Equivalent Positions (FTE)		Biennium			Biennium	
		FY2025	FY2026	FY2027	FY2028	FY2029
Total		-	-	-	-	-

LBO Analyst's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

LBO Signature: Jim Carlson **Date:** 6/13/2025 11:55:29 AM
Phone: 651-284-6540 **Email:** jim.carlson@lbo.mn.gov

State Cost (Savings) Calculation Details

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions are shown in parentheses.

*Transfers In/Out and Absorbed Costs are only displayed when reported.

State Cost (Savings) = 1-2		Biennium			Biennium	
Dollars in Thousands		FY2025	FY2026	FY2027	FY2028	FY2029
	Total	-	-	-	-	-
	Biennial Total			-		-
1 - Expenditures, Absorbed Costs*, Transfers Out*						
	Total	-	-	-	-	-
	Biennial Total			-		-
2 - Revenues, Transfers In*						
	Total	-	-	-	-	-
	Biennial Total			-		-

Bill Description

This bill relates to data centers; modifying various environmental and energy regulatory requirements governing data centers; authorizing a clean energy and capacity tariff; modifying sales and use tax exemptions; imposing a fee; classifying data; adding and modifying various definitions; appropriating money; amending Minnesota Statutes 2024, sections 103G.265, by adding a subdivision; 103G.271, by adding a subdivision; 216B.02, by adding subdivisions; 216B.1691, subdivisions 2f, 2h, as amended; 216B.2402, subdivision 10; 216B.241, subdivisions 1a, 2a; 297A.68, subdivision 42; 297A.75, subdivision 1, as amended; proposing coding for new law in Minnesota Statutes, chapters 84; 103B; 116; 144; 216B. 1.3 1.4 1.5 1.6 1.7 1.8 1.9 1.10

The only parts of the bill that appear to impact the MPCA are:

Section 3 [103G.265, Subd. 5] Preapplication Evaluation for Water Use

- Though the **DNR** is the lead agency for water permits, this section allows the **DNR commissioner** to **consult with the MPCA commissioner** (along with Health and Agriculture) when assessing:
 - **Water availability**
 - **Water quality**
 - **Environmental impacts** of data center water use proposals.

Section 5 [116.037] Coordination with Minnesota Business First Stop

- Establishes that it is state policy for all data center permitting inquiries received by the MPCA to be referred to the Minnesota Business First Stop Program.
- Requires the commissioner of the MPCA to ensure:
 - Permitting staff are aware of this policy.
 - Staff are equipped with resources to refer inquiries efficiently.

Assumptions

The MPCA can absorb the work above without hiring additional staff. This includes consulting with DNR on their water permits and coordination with and referral to Minnesota Business First Stop all data center permitting inquiries.

Expenditure and/or Revenue Formula

No fiscal costs expected

Long-Term Fiscal Considerations

Local Fiscal Impact

References/Sources

Agency Contact:

Agency Fiscal Note Coordinator Signature: Jerry Griggs

Phone: 218-846-8130

Date: 6/13/2025 11:15:42 AM

Email: jerry.griggs@state.mn.us

HF9062 - 0 - Data Center Provisions and Taxes Modified

Chief Author: **Greg Davids**
 Committee: **Energy Finance And Policy**
 Date Completed: **7/16/2025 8:35:42 AM**
 Agency: **Revenue Dept**

State Fiscal Impact	Yes	No
Expenditures		X
Fee/Departmental Earnings		X
Tax Revenue	X	
Information Technology		X
Local Fiscal Impact		X

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative.
 Reductions shown in the parentheses.

State Cost (Savings)		Biennium			Biennium	
Dollars in Thousands		FY2025	FY2026	FY2027	FY2028	FY2029
Total		-	-	-	-	-
Biennial Total				-		-

Full Time Equivalent Positions (FTE)		Biennium			Biennium	
		FY2025	FY2026	FY2027	FY2028	FY2029
Total		-	-	-	-	-

LBO Analyst's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

LBO Signature: Jim Carlson **Date:** 6/13/2025 11:55:38 AM
Phone: 651-284-6540 **Email:** jim.carlson@lbo.mn.gov

State Cost (Savings) Calculation Details

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions are shown in parentheses.

*Transfers In/Out and Absorbed Costs are only displayed when reported.

State Cost (Savings) = 1-2		Biennium			Biennium	
Dollars in Thousands		FY2025	FY2026	FY2027	FY2028	FY2029
Total		-	-	-	-	-
Biennial Total				-		-
1 - Expenditures, Absorbed Costs*, Transfers Out*						
Total		-	-	-	-	-
Biennial Total				-		-
2 - Revenues, Transfers In*						
Total		-	-	-	-	-
Biennial Total				-		-

Bill Description

Section 17 of the bill amends Minnesota Statutes, section 297A.68, subdivision 42, which exempts qualified data centers from tax on the sales and purchases of certain equipment and software, to establish a new category of data centers that are eligible to claim the exemption.

Subd. 42(a) is amended to add “qualified large-scale data centers” to the sales tax exemption for purchases of enterprise information technology equipment and computer software.

Subd. 42(f) is amended to define “qualified large-scale data center.”

Subds. 42(g) and 42(h) are amended to modify the timeline for when the exemption is allowed to be claimed by data centers that are certified before July 1, 2042.

Subd. 42(n) states that if a qualified large-scale data center has not met the requirements as determined by the commissioner of commerce, the amount of the sales tax exemption allowed must be repaid to the commissioner of revenue. This does not prohibit the commissioner of revenue from making assessments if they determine that a large-scale data center does not qualify for the exemption.

Section 18 amends Minnesota Statutes, section 297A.75, subdivision 1 to add qualified large-scale data centers and qualified refurbished data centers to the refund process.

Sections 17 and 18 are effective for sales and purchases made after June 30, 2025.

Assumptions

The Sales and Use Tax Division (SUT) assumes it will update the published guidance on our website and update our procedures to reflect the addition of qualified large-scale data centers to the sales tax exemption. This work will be completed in FY26 by existing SUT staff.

SUT assumes that if a large-scale data center has been given an exemption but does not meet the certification requirements as determined by the commissioner of commerce, the SUT state liaison at Revenue will coordinate the recovery of the exempted amount. This work will be ongoing and can be completed by existing staff.

The Appeals, Legal Services, and Disclosure Division (ALSD) assumes it will review webpage updates, outreach communications and industry guides. This work will be completed in FY26 by existing staff.

Expenditure and/or Revenue Formula

This bill may have an impact on state tax revenues. An estimate of revenue impact is not included in this fiscal note. The Department of Revenue prioritizes revenue estimate requests for bills before Tax Committee and will provide one for this bill when it is before Tax Committee.

Long-Term Fiscal Considerations

N/A

Local Fiscal Impact

N/A

References/Sources

Agency staff provided information for this fiscal note.

Agency Contact:

Agency Fiscal Note Coordinator Signature: Chelsea Magadance

Date: 6/11/2025 9:28:28 AM

Phone: 651-556-6308

Email: chelsea.magadance@state.mn.us

HF9062 - 0 - Data Center Provisions and Taxes Modified

Chief Author: **Greg Davids**
 Committee: **Energy Finance And Policy**
 Date Completed: **7/16/2025 8:35:42 AM**
 Agency: **Water and Soil Resources Board**

State Fiscal Impact	Yes	No
Expenditures		X
Fee/Departmental Earnings		X
Tax Revenue		X
Information Technology		X
Local Fiscal Impact		X

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative.
 Reductions shown in the parentheses.

State Cost (Savings)		Biennium			Biennium	
Dollars in Thousands		FY2025	FY2026	FY2027	FY2028	FY2029
Total		-	-	-	-	-
Biennial Total				-		-

Full Time Equivalent Positions (FTE)		Biennium			Biennium	
		FY2025	FY2026	FY2027	FY2028	FY2029
Total		-	-	-	-	-

LBO Analyst's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

LBO Signature: Karl Palm **Date:** 6/25/2025 8:53:41 AM
Phone: 651-296-6055 **Email:** karl.palm@lbo.mn.gov

State Cost (Savings) Calculation Details

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions are shown in parentheses.

*Transfers In/Out and Absorbed Costs are only displayed when reported.

State Cost (Savings) = 1-2		Biennium			Biennium	
Dollars in Thousands		FY2025	FY2026	FY2027	FY2028	FY2029
Total		-	-	-	-	-
Biennial Total				-		-
1 - Expenditures, Absorbed Costs*, Transfers Out*						
Total		-	-	-	-	-
Biennial Total				-		-
2 - Revenues, Transfers In*						
Total		-	-	-	-	-
Biennial Total				-		-

Bill Description

This bill modifies various environment and energy regulatory requirements governing data centers. The bill also authorizes a clean energy and capacity tariff; modifies sales and use tax exemptions; imposes a fee; classifies data; adds and modifies various definitions and appropriates money.

Section 1 of the bill establishes a state policy that inquiries related to permitting of a data center are also referred to the Minnesota Business First Stop Program administered by the Department of Employment and Economic Development.

Section 2 of the bill requires the executive director of the Board of Water and Soil Resources (BWSR) to take reasonable steps to ensure that agency permitting staff are aware of this policy and have resources to efficiently refer those inquiries to Minnesota Business First Stop.

Sections 3 through 18 of the bill, which are not connected to the work of BWSR, are related to various environment and energy regulatory requirements governing data centers; authorizing a clean energy and capacity tariff; modifying sales and use tax exemptions; imposing a fee; classifying data; and adding and modifying various definitions and appropriating money.

Assumptions

These assumptions are specific to BWSR.

BWSR does not administer environmental permits at this time and so does not have agency permitting staff. If BWSR were to administer permits in the future, we assume that we would have permitting staff that would need to be aware of referring inquiries related to permitting data centers to the Minnesota Business First Stop Program at that time.

Expenditure and/or Revenue Formula

Not applicable at this time.

Long-Term Fiscal Considerations

Not applicable at this time.

Local Fiscal Impact

References/Sources

Agency Contact: Mike Nelson

Agency Fiscal Note Coordinator Signature: Michael Nelson

Phone: 651-539-2598

Date: 6/24/2025 2:09:13 PM

Email: michael.nelson@state.mn.us