



To: Minnesota Senate Taxes Committee

Date: January 30, 2025

RE: Support – SF 345 concerning the re-establishment of sales and use tax exemption for bird conservation organizations

Co-Chair Rest, Co-Chair Weber, and members of the Minnesota Senates Taxes Committee,

On behalf of over 50,000 Minnesota members of Ducks Unlimited (DU) and our nearly 30 professional staff living and working here in Minnesota, I am writing to request your support for SF 345. This bill would reestablish state sales and use tax exemptions for bird conservation nonprofits like DU, which provide critical services to people and wildlife in communities across the state through wetland and grassland restoration and working lands conservation programs.

Despite being recognized by the U.S. Internal Revenue Service as a 501 c3 tax-exempt nonprofit organization and recognized as such in the state of Minnesota for decades, we have been alerted to a narrowing in state law and administrative rule on the matter in the wake of state Supreme Court case *Under the Rainbow Child Care Center, Inc. v Goodhue*, 741 N.W.2d 880 (Minn. 2007) (“*Under the Rainbow*”). The more restrictive criteria now being applied by the MN Department of Revenue has led to the revocation of DU’s long-held state sales and use tax exemption certificate, hence subjecting the organization to what could amount to hundreds of thousands of dollars a year in sales and use taxes.

DU is the state’s largest wetland-focused charitable organization, and since our inception, we have invested over \$140 million to conserve 241,000 acres of wetlands and associated habitats. These projects protect Minnesota’s precious freshwater resources by filtering out harmful nutrients, preventing erosion of the state’s valuable topsoil, recharging groundwater, and providing wildlife habitat and outdoor recreational opportunities for all Minnesotans. Despite the merits of our conservation mission, the MN Department of Revenue has told us that the state cannot grant sales and use tax exemption under the new rules following the *Under the Rainbow* decision.

The implications of this new financial burden will result in bird conservation organizations like DU needing to reduce the overall services we provide in Minnesota. Through cooperative discussions with the MN Department of Revenue, the Department has developed the bill language in SF 345 to rectify this unfortunate situation.

Thank you all for your public service and consideration of this priority bill.

Sincerely,

Craig Beason
Minnesota State Chair
Ducks Unlimited