

April 21, 2025

	Yes	No
DOR Administrative Costs/Savings		X

Department of Revenue

Analysis of S.F. 2849 (Westrom) / H.F. 3107 (Anderson, P.H.)

	Fund Impact			
	<u>F.Y. 2026</u>	<u>F.Y. 2027</u>	<u>F.Y. 2028</u>	<u>F.Y. 2029</u>
	(000's)			
General Fund	(\$2,280)	(\$2,280)	(\$2,280)	\$0
Natural Resources and Arts Funds	(\$130)	(\$130)	(\$130)	\$0
Total - All Funds	(\$2,410)	(\$2,410)	(\$2,410)	\$0

Effective for sales and purchases made after June 30, 2025.

EXPLANATION OF THE BILL

Current Law: Minnesota law currently exempts the sales and use tax on building materials and supplies for constructing certain agriculture processing facilities where total capital investment is expected to exceed \$100,000,000.

Proposed Law: The bill would expand the exemption to include milk processing facilities, exempting from state sales tax building materials and supplies for constructing an agriculture processing facility in which the total capital investment in the processing facility is expected to exceed \$100,000,000.

REVENUE ANALYSIS DETAIL

- There currently is one identified facility that would qualify for this exemption. Others could qualify in the future.
- Information about the qualifying project was provided by local government officials and media reports
- It is assumed that the facility will be completed by Sept. 2027 with the material costs assumed to be split evenly between FY 26, FY 27, and FY 28.

Minnesota Department of Revenue
Tax Research Division
[https://www.revenue.state.mn.us/
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