

February 24, 2025

	Yes	No
DOR Administrative Costs/Savings		X

Department of Revenue  
Analysis of H.F. 9 (Swedzinski) / S.F. 572 (Mathews)

	<b>Fund Impact</b>			
	<b><u>F.Y. 2026</u></b>	<b><u>F.Y. 2027</u></b>	<b><u>F.Y. 2028</u></b>	<b><u>F.Y. 2029</u></b>
	(000's)			
General Fund	(\$76,500)	(\$99,200)	(\$95,200)	(\$100,300)
Natural Resources and Arts Funds	(\$4,400)	(\$5,700)	(\$5,500)	(\$5,800)
Total – All Funds	(\$80,900)	(\$104,900)	(\$100,700)	(\$106,100)

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

## EXPLANATION OF THE BILL

**Current Law:** Heating fuels are exempt when sold to residential customers for residential use. Natural gas sold for residential use is only exempt during the months of November through April. Electricity sold for residential use is only exempt during the months of November through April. These exemptions only apply if the fuel is the primary source of heat for the residence.

**Proposed Law:** The proposal would extend the exemption on natural gas and electricity for residential use to include the months of May through October.

## REVENUE ANALYSIS DETAIL

- Data for the estimates was provided by the United States Energy Information Administration (EIA).
- Minnesota residential consumption of electricity was 79,903 billion BTU's in 2022.
- The price of electricity in 2022 was \$41,760 per billion BTU.
- It is estimated that approximately 25% of residential electricity consumption would be impacted by the proposal.
- Minnesota residential consumption of natural gas was 158,420 billion BTU's in 2022.
- The price of natural gas in 2022 was \$11,530 per billion BTU.
- It is estimated that approximately 17% of residential natural gas consumption would be impacted by the proposal.
- The EIA's Annual Energy Outlook was used to grow consumption of electricity and natural gas.
- The energy price index from IHS was used to grow prices of electricity and natural gas.
- The fiscal year 2026 estimates are adjusted for 5 months of collections.

Minnesota Department of Revenue  
Tax Research Division  
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