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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETY-FOURTH SESSION

H. F. No. 3909

03/02/2026 Authored by Hanson, J.,
The bill was read for the first time and referred to the Committee on Taxes

A bill for an act

relating to taxation; imposing a tax on the gross revenues of private detention facilities; proposing coding for new law in Minnesota Statutes, chapter 295.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

Section 1. **[295.90] PRIVATE DETENTION FACILITIES TAX.**

Subdivision 1. **Definitions.** (a) For purposes of this section, the following terms have the meanings given.

(b) "Detention facility" means a facility in which persons are incarcerated or otherwise involuntarily confined for purposes of execution of a punitive sentence imposed by a court or detention pending a trial, hearing, or other judicial or administrative proceeding.

(c) "Gross revenues" means total amounts received in money or otherwise by a private detention facility for providing detention-related services in Minnesota.

(d) "Private detention facility" means a detention facility that is operated by a private, nongovernmental, for-profit entity pursuant to a contract or agreement with a governmental entity. Private detention facility does not include privately owned residential facilities, including halfway houses, group homes, work release centers, or treatment facilities, to provide for the care, custody, and rehabilitation of:

(1) inmates who have been released from prison under section 241.26, 244.05, 244.0513, 244.065, or 244.172, or any other form of supervised or conditional release; and

(2) offenders who are on probation, work release, or another form of approved release status.

Subd. 2. **Tax imposed on gross receipts.** For gross revenues received after December 31, 2026, a tax is imposed on a private detention facility equal to 50 percent of the facility's gross revenues.

Subd. 3. **Taxes paid to another state.** A private detention facility that has paid taxes to another jurisdiction measured by gross revenues and is subject to tax under this section on the same gross revenues is entitled to a credit for the tax legally due and paid to another jurisdiction to the extent of the lesser of (1) the tax actually paid to the other jurisdiction, or (2) the amount of tax imposed by Minnesota on the gross revenues subject to tax in the other taxing jurisdictions.

Subd. 4. **Administration.** Unless provided otherwise by this section, the audit, assessment, refund, penalty, interest, enforcement, collection remedies, appeal, and administrative provisions of chapters 270C and 289A that are applicable to taxes imposed under chapter 297A apply to taxes imposed under this section.

Subd. 5. **Returns; payment of tax.** A private detention facility must report the tax on a return prescribed by the commissioner of revenue and must remit the tax with the return. The return and the tax must be filed and paid using the filing cycle and due dates provided for taxes imposed under chapter 297A.

Subd. 6. **Deposit of revenues.** The commissioner must deposit all revenues, including penalties and interest, derived from the tax imposed by this section in the general fund.

EFFECTIVE DATE. This section is effective the day following final enactment.