

Subject Private detention facilities tax

Authors Hanson, J.

Analyst Chris Kleman

Date March 3, 2026

Overview

H.F. 3909 would impose a gross receipts tax on private detention facilities, such as prisons, jails, and detention centers. Private detention facilities are not by law currently allowed in Minnesota.

Summary

Section Description

1 **Private detention facilities tax.**

Subd. 1. Definitions. Provides the following definitions for the tax imposed in subdivision 2:

- “Detention facility” is defined as a facility where an individual is incarcerated or involuntarily confined, due to being sentenced for a crime or when being detained for a trial, hearing, or administrative proceeding.
- “Gross revenues” is defined as the total amount received by a private detention facility for providing detention-related services in this state.
- “Private detention facility” is defined as a detention facility operated by a for-profit entity having a contract with a government. These facilities would not include residential facilities serving released inmates and offenders, such as halfway houses, group homes, work release centers, or treatment facilities.

Subd. 2. Tax imposed on gross receipts. Imposes a tax on the gross receipts of a private detention facility at the rate of 50 percent.

Subd. 3. Taxes paid to another state. Provides a credit for taxes paid to another state on the same gross receipts the tax is imposed on under subdivision 2.

Subd. 4. Administration. Provides that the tax imposed under subdivision 2 is administered and enforced in the same way as the state sales and use tax.

Section **Description**

Subd. 5. Returns; payment of tax. Provides that returns must be filed and tax remitted in the same way as the state sales and use tax.

Subd. 6. Deposit of revenues. Requires that the tax collected is deposited in the general fund.



**MN HOUSE
RESEARCH**

Minnesota House Research Department provides nonpartisan legislative, legal, and information services to the Minnesota House of Representatives. This document can be made available in alternative formats.

www.house.mn.gov/hrd | 651-296-6753 | Third Floor, Centennial Office Building | St. Paul, MN 55155