

# Chapter 12

2025 First Special Session

**Subject** Data Centers**Bill** H.F. 16**Analyst** Bob Eleff  
Sean Williams**Date** June 24, 2025

## Overview

Chapter 12 establishes regulations applying to certain data centers regarding permitting, water appropriations, and energy issues, and imposes an annual fee on and modifies sales tax exemptions for such facilities.

## Summary

Section	Description
1	<b>[84.0267] Coordination with Minnesota Business First Stop.</b> Declares as state policy that any inquiries related to Department of Natural Resources (DNR) permitting of data centers also be referred to the Department of Employment and Economic Development's (DEED) Minnesota Business First Stop program.
2	<b>[103B.107] Coordination with Minnesota Business First Stop.</b> Declares as state policy that any inquiries related to Board of Water and Soil Resources permitting of data centers also be referred to DEED's Minnesota Business First Stop program.
3	<b>[103G.265] Water supply; management.</b> <b>Subd. 5. Preapplication evaluation of certain water appropriation projects.</b> Provides that the DNR, in response to a contact from a data center regarding a project that is likely to consume more than 100 million gallons of water annually, may request information from the data center to assist the department in assessing the consumption's impact. Provides that any information exchanged under this subdivision is nonpublic data.
4	<b>[103G.271] Appropriation and use of waters.</b> <b>Subd. 5b. Large water appropriation projects; permit conditions.</b> Directs the DNR, in issuing water permits to a data center that will consume more than 100 million gallons of water annually, to ensure that public health, safety, and

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	welfare are protected and that the use of water conservation technologies are reasonably considered.
5	<b>[116.037] Coordination with Minnesota Business First Stop.</b> Declares as state policy that any inquiries related to Pollution Control Agency permitting of data centers also be referred to DEED's Minnesota Business First Stop program.
6	<b>[144.0507] Coordination with Minnesota Business First Stop.</b> Declares as state policy that any inquiries related to Department of Health permitting of data centers also be referred to DEED's Minnesota Business First Stop program.
7	<b>[216B.02] Definitions.</b> <b>Subd. 11. Data center.</b> Defines "data center" as an information technology facility that stores, manages, and processes digital data and is designed to have a load of 100 megawatts or more.
8	<b>[216B.02] Definitions.</b> <b>Subd. 12. Qualified large-scale data center.</b> References the definition in section 297A.68, subdivision 42. [See sec. 17, par. (f)]
9	<b>[216B.1622] Service to very large customers.</b> Requires the Public Utilities Commission to establish a new class consisting of "very large customers" by 12/15/26. Authorizes the commission to approve, reject, or modify an agreement between a public utility and a very large customer regarding electric service. Requires all costs of serving very large customers to be allocated only to those customers. Requires the utility to submit a plan to the commission describing how its service to very large customers will not interfere with its achieving the renewable energy, solar, and carbon-free standards in statute.
10	<b>[216B.1623] Clean energy and capacity tariff.</b> Requires each public utility to offer a voluntary tariff to all commercial and industrial customers allowing them to use clean energy and capacity resources, provided that reliability is maintained and all associated costs are allocated to the customer.
11	<b>[216B.1691] Renewable energy objectives.</b> <b>Subd. 2f. Solar energy standard.</b> For a public utility serving fewer than 200,000 retail electric customers, exempts electricity sold to a qualified large-scale data center from being included in calculating the utility's total retail sales, the base on which the solar energy standard – requiring at least 1.5 percent of retail electricity sales to be supplied by solar energy, and at least 0.15 percent from solar devices less than 40 kilowatts in capacity – is applied. Prohibits any cost of a

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	public utility's achieving the standard from being charged to a qualified large-scale data center.
12	<p><b>[216B.1691] Renewable energy objectives.</b></p> <p><b>Subd. 2h. Distributed solar energy standard.</b> Exempts electricity sales to a qualified large-scale data center from being included in calculating a public utility's total retail sales, the base on which the distributed solar energy standard is calculated. The standard requires that at least three percent of retail electricity sales of public utilities with more than 100,000 retail customers and at least one percent for those with fewer customers be supplied by solar energy from facilities constructed or procured after 8/1/23 with a capacity no greater than 10 megawatts procured after 8/1/23.</p>
13	<p><b>[216B.2402] Definitions.</b></p> <p><b>Subd. 10. Gross annual retail energy sales.</b> Excludes electricity sales to a qualified large-scale data center from the definition of gross annual retail energy sales, the base on which a utility's annual energy-savings goal – 1.75 percent for public utilities and 1.5 percent for municipal utilities and cooperatives – is calculated.</p>
14	<p><b>[216B.241] Public utilities; energy conservation and optimization.</b></p> <p><b>Subd. 1a. Large customer facility.</b> Exempts a qualified large-scale data center from contributing to investments and expenditures required under the energy conservation and optimization program of the public utility that serves it, provided that the center pays the fee required under section 216B.72.</p>
15	<p><b>[216B.241] Public utilities; energy conservation and optimization.</b></p> <p><b>Subd. 2a. Energy and conservation account.</b> Requires money from the fee on data centers established under section 216B.72 to be credited to the energy and conservation account and used only on low-income programs and as the result of a Request for Proposal (RFP) process administered by the Department of Commerce.</p>
16	<p><b>[216B.72] Qualified large-scale data center fee.</b></p> <p>Requires the commissioner of commerce to collect an annual fee from qualified large-scale data centers based on the amount of the facility's peak electricity demand. The fee ranges from \$2 million to \$5 million per year.</p>
17	<p><b>[297A.68] Business exemptions.</b></p> <p><b>Subd. 42. Data centers.</b> Modifies the existing sales tax exemption for data centers.</p>

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*Paragraph (f):* Defines “qualified large-scale data center” as a facility comprised of one or more buildings of at least 25,000 square feet and whose total cost of construction, refurbishment, technology, and software is \$250 million within a 60-month period beginning after June 30, 2025.

*Paragraphs (g) and (h):* Allows qualified data centers, qualified large-scale data centers, and qualified refurbished data centers to claim the exemption for 35 years after the first purchase qualifying for the exemption. Under previous law, the limit was 20 years.

Allows data centers certified by DEED prior to July 1, 2042, to continue to claim the exemption beyond that date, up to the 35-year limit mentioned above. Under previous law, the sales tax exemption expired July 1, 2042, or 20 years after the facility made its first exempt purchase, whichever is earlier.

*Paragraph (l):* Requires laborers performing work to construct or refurbish a qualified large-scale data center to be paid the prevailing wage rate. Prohibits DEED from certifying a qualified large-scale data center unless the entity seeking the exemption certifies to DEED that it has complied with prevailing wage rules.

*Paragraphs (m) and (n):* Requires a qualified large-scale data center to certify to the commissioner of commerce within three years of being placed in service that the facility has been certified under one or more sustainable building or green design standards. If the commissioner of commerce determines that this requirement has not been met, the data center must repay the amount of the tax exemption to the Department of Revenue.

Effective for sales and purchases after June 30, 2025.

18      **[297A.75] Refund; appropriation.**

**Subd. 1. Tax collected.** Conforming change to the portion of current law that describes the way sales tax refunds are administered.

Effective for sales and purchases after June 30, 2025.



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