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BILL SUMMARY

Revisor No. 25-05730 – Modifying requirements for certain data centers

Author: Senator Ann H. Rest

Prepared by: Nora Pollock, Senate Counsel (nora.pollock@mnsenate.gov)
Ben Stanley, Senate Counsel (ben.stanley@mnsenate.gov)
Olivia Syverson, Senate Counsel (olivia.syverson@mnsenate.gov)

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Section 1. Coordination with Minnesota Business First Stop (DNR). Requires the commissioner of the Department of Natural Resources (DNR) to ensure that agency staff refer inquiries related to the permitting of a data center to the Minnesota Business First Stop Program administered by the Department of Employment and Economic Development (DEED).

Section 2. Coordination with Minnesota Business First Stop (BWSR). Requires the executive director of the Board of Water and Soil Resources (BWSR) to ensure that agency staff refer inquiries related to the permitting of a data center to the Minnesota Business First Stop Program administered by DEED.

Section 3. Preapplication Evaluation of Certain Water Appropriation Projects. Authorizes the DNR to request additional information about data center projects proposing the consumption of more than 100 million gallons of water per year. Requires the DNR to evaluate received information and to respond in writing, describing potential water availability constraints at each proposed project site.

Section 4. Large Water Appropriation Projects; Permit Conditions. Requires the DNR to ensure that water use permits authorizing a data center to consume more than 100 million gallons of water per year adequately protect the public health, safety, and welfare and that technologies that promote water conservation, the efficient use of water, and watershed health are reasonably considered. Authorizes the DNR to require a permit applicant to conduct an aquifer test where conditions warrant.

Section 5. Coordination with Minnesota Business First Stop (PCA). Requires the commissioner of the Pollution Control Agency (PCA) to ensure that agency staff refer inquiries

related to the permitting of a data center to the Minnesota Business First Stop Program administered by the Department of Employment and Economic Development (DEED).

Section 6. Coordination with Minnesota Business First Stop (MDH). Requires the commissioner of the Department of Health (MDH) to ensure that agency staff refer inquiries related to the permitting of a data center to the Minnesota Business First Stop Program administered by DEED.

Section 7. Data Center. Defines data center to mean a facility that has a peak load of 100 megawatts or more, and whose primary purpose is the storage, management, and processing of digital data.

Section 8. Peak Load. Defines peak load to mean the largest demand a single customer imposes on an electric utility's system, expressed in megawatts, during a 30-minute period.

Section 9. Qualified large-scale data center. Defines qualified large-scale data center and cross references the definition included in section 297A.69, subdivision 42, paragraph (f), which is used for tax purposes.

Section 10. Service to very large customers. Requires the Public Utilities Commission to determine what a "very large customer class or subclass" is for each public utility providing electric service by December 15, 2026.

The PUC may approve, modify, or reject a tariff or electric service agreement proposed between a public utility and a very large customer.

Section 11. Clean energy and capacity tariff. Requires the PUC to require each public utility to offer a clean energy and capacity tariff for commercial and industrial customers.

Section 12. Solar energy standard. Adds clarifying language to determine calculating total retail electric sales of a public utility serving less than 200,000 retail electric customers and excludes electric sales to customers that are qualified large-scale data centers.

Section 13. Distributed solar energy standard. Amends the definition of "industrial customer" to include qualified large-scale data centers.

Section 14. Gross annual retail energy sales. Amends the definition of "gross annual retail energy sales" to exclude electric sales to qualified large-scale data centers.

Section 15. Large customer facility. Exempts qualified large-scale data centers that pay a required fee under section 216B.72 from the requirement to contribute to investments and expenditures made under an energy conservation optimization plan.

Section 16. Energy conservation account. Requires the commissioner to deposit money transferred from the fee on qualified large-scale data centers established section 216B.72 in the state treasury and credit it to the energy conservation account.

The money transferred from the fee on qualified large-scale data centers is appropriated to the commissioner to conduct energy conservation, weatherization, and associate activities.

Section 17. Qualified large-scale data center fee. Requires the PUC to collect an annual fee from a qualified large-scale data center, based on the data center's peak demand.

A qualified large-scale data center whose peak demand is 100 to 250 megawatts must pay an annual fee of $2,000,000.

A qualified large-scale data center whose peak demand is above 250 megawatts but below 500 megawatts must pay an annual fee of $3,000,000.

A qualified large-scale data center whose peak demand is 500 megawatts but below 750 megawatts must pay an annual fee of $4,000,000.

A qualified large-scale data center whose peak demand is 750 megawatts or greater must pay an annual fee of $5,000,000.

Section 18. Data centers. Establishes a definition of "large-scale qualified data center" and adds references to that term throughout the sales tax exemption under current law for qualified data centers and qualified refurbished data centers. A qualified large-scale data center is a facility located in Minnesota:

- that is comprised of one or more buildings connected by fiber and associated equipment that consist in the aggregate of at least 25,000 square feet in one physical location or multiple locations; and
- for which the total cost of construction or refurbishment, enterprise information technology equipment, and computer software is at least $250 million between the facility and its tenants in a 60-month period beginning after June 30, 2025.

Extends the sunset for the sales tax exemption for qualified, qualified refurbished, and qualified large-scale data centers to the later of 35 years after the date of the first qualifying purchase, or June 30, 2042.

Requires prevailing wage laws to apply to laborers and mechanics who perform work on qualified large-scale data centers and requires that the commissioner of DEED must not certify a qualified large-scale data center as eligible for the sales tax exemption unless the prevailing wage requirements have been demonstrated.

Requires qualified large-scale data centers to certify to the commissioner of commerce that the facility has attained certification under one or more named sustainable design or green building standards. If the commissioner of commerce determines that a qualified large-scale data center has not met these requirements, the amount of the sales tax exemption allowed must be repaid to the commissioner of revenue.

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

Section 19. Tax collected. Adds a reference to qualified large-scale data centers to the sales tax refund provisions under current law. Effective for sales and purchases made after June 30, 2025.

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95 University Ave. W., STE 3300, Saint Paul, MN, 55155