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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETY-FOURTH SESSION

H. F. No. 3501

02/19/2026 Authored by Duran The bill was read for the first time and referred to the Committee on Taxes

1.1 A bill for an act
1.2 relating to taxes; sales and use; creating a refundable exemption for certain items
1.3 and services purchased to repair property damage caused by natural disasters;
1.4 amending Minnesota Statutes 2024, section 297A.67, by adding a subdivision;
1.5 Minnesota Statutes 2025 Supplement, section 297A.75, subdivisions 1, 2, 3.

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

1.7 Section 1. Minnesota Statutes 2024, section 297A.67, is amended by adding a subdivision
1.8 to read:

1.9 Subd. 41. Repairs following a natural disaster. (a) The sale of the following items or
1.10 service is exempt when the item or service is purchased to repair or remediate damage to
1.11 property caused by a natural disaster:

1.12 (i) windows;

1.13 (ii) doors;

1.14 (iii) siding materials;

1.15 (iv) insulation;

1.16 (v) trusses, shingles, and other roofing materials;

1.17 (vi) power generators;

1.18 (vii) equipment used for sandbagging;

1.19 (viii) replacement parts for pumps, valves, and other small equipment;

1.20 (ix) plywood; and

1.21 (x) tree removal and other services related to hauling debris.

2.1 (b) The exemption under this subdivision applies only if:

2.2 (1) a natural disaster is declared by the federal government, or by a local official under
2.3 section 12.29; and

2.4 (2) the purchase is made within two years of the disaster declaration.

2.5 (c) The tax on purchases exempt under this subdivision must be imposed and collected
2.6 as if the rates under section 297A.62, subdivisions 1 and 1a, applied and then refunded in
2.7 the manner provided in section 297A.75.

2.8 **EFFECTIVE DATE.** This section is effective retroactively for sales and purchases
2.9 made after May 31, 2025.

2.10 Sec. 2. Minnesota Statutes 2025 Supplement, section 297A.75, subdivision 1, is amended
2.11 to read:

2.12 Subdivision 1. **Tax collected.** The tax on the gross receipts from the sale of the following
2.13 exempt items must be imposed and collected as if the sale were taxable and the rate under
2.14 section 297A.62, subdivision 1, applied. The exempt items include:

2.15 (1) building materials for an agricultural processing facility exempt under section
2.16 297A.71, subdivision 13;

2.17 (2) building materials for mineral production facilities exempt under section 297A.71,
2.18 subdivision 14;

2.19 (3) building materials for correctional facilities under section 297A.71, subdivision 3;

2.20 (4) building materials used in a residence for veterans with a disability exempt under
2.21 section 297A.71, subdivision 11;

2.22 (5) elevators and building materials exempt under section 297A.71, subdivision 12;

2.23 (6) materials and supplies for qualified low-income housing under section 297A.71,
2.24 subdivision 23;

2.25 (7) materials, supplies, and equipment for municipal electric utility facilities under
2.26 section 297A.71, subdivision 35;

2.27 (8) equipment and materials used for the generation, transmission, and distribution of
2.28 electrical energy and an aerial camera package exempt under section 297A.68, subdivision
2.29 37;

2.30 (9) commuter rail vehicle and repair parts under section 297A.70, subdivision 3, paragraph
2.31 (a), clause (10);

3.1 (10) materials, supplies, and equipment for construction or improvement of projects and
3.2 facilities under section 297A.71, subdivision 40;

3.3 (11) enterprise information technology equipment and computer software for use in a
3.4 qualified data center, qualified large-scale data center, or qualified refurbished data center
3.5 exempt under section 297A.68, subdivision 42;

3.6 (12) materials, supplies, and equipment for qualifying capital projects under section
3.7 297A.71, subdivision 44, paragraphs (a) and (b);

3.8 (13) items purchased for use in providing critical access dental services exempt under
3.9 section 297A.70, subdivision 7, paragraph (c);

3.10 (14) items and services purchased under a business subsidy agreement for use or
3.11 consumption primarily in greater Minnesota exempt under section 297A.68, subdivision
3.12 44;

3.13 (15) building materials, equipment, and supplies for constructing or replacing real
3.14 property exempt under section 297A.71, subdivisions 49; 50, paragraph (b); and 51;

3.15 (16) building materials, equipment, and supplies for qualifying capital projects under
3.16 section 297A.71, subdivision 52;

3.17 (17) building materials, equipment, and supplies for constructing, remodeling, expanding,
3.18 or improving a fire station, police station, or related facilities exempt under section 297A.71,
3.19 subdivision 53; ~~and~~

3.20 (18) building materials, equipment, and supplies for constructing, remodeling, or
3.21 improving a sustainable aviation fuel facility exempt under section 297A.71, subdivision
3.22 54-; and

3.23 (19) materials and services for repairs and remediation of damage caused by a natural
3.24 disaster exempt under section 297A.67, subdivision 41.

3.25 **EFFECTIVE DATE.** This section is effective retroactively for sales and purchases
3.26 made after May 31, 2025.

3.27 Sec. 3. Minnesota Statutes 2025 Supplement, section 297A.75, subdivision 2, is amended
3.28 to read:

3.29 Subd. 2. **Refund; eligible persons.** Upon application on forms prescribed by the
3.30 commissioner, a refund equal to the tax paid on the gross receipts of the exempt items must
3.31 be paid to the applicant. Only the following persons may apply for the refund:

4.1 (1) for subdivision 1, clauses (1), (2), and (13), the applicant must be the purchaser;

4.2 (2) for subdivision 1, clause (3), the applicant must be the governmental subdivision;

4.3 (3) for subdivision 1, clause (4), the applicant must be the recipient of the benefits
4.4 provided in United States Code, title 38, chapter 21;

4.5 (4) for subdivision 1, clause (5), the applicant must be the owner of the homestead
4.6 property;

4.7 (5) for subdivision 1, clause (6), the owner of the qualified low-income housing project;

4.8 (6) for subdivision 1, clause (7), the applicant must be a municipal electric utility or a
4.9 joint venture of municipal electric utilities;

4.10 (7) for subdivision 1, clauses (8), (11), and (14), the owner of the qualifying business;

4.11 (8) for subdivision 1, clauses (9), (10), (12), (16), and (17), the applicant must be the
4.12 governmental entity that owns or contracts for the project or facility;

4.13 (9) for subdivision 1, clause (15), the applicant must be the owner or developer of the
4.14 building or project; ~~and~~

4.15 (10) for subdivision 1, clause (18), the applicant must be the owner or developer of the
4.16 sustainable aviation fuel facility; and

4.17 (11) for subdivision 1, clause (19), the applicant must be the owner of the damaged
4.18 property.

4.19 **EFFECTIVE DATE.** This section is effective retroactively for sales and purchases
4.20 made after May 31, 2025.

4.21 Sec. 4. Minnesota Statutes 2025 Supplement, section 297A.75, subdivision 3, is amended
4.22 to read:

4.23 Subd. 3. **Application.** (a) The application must include sufficient information to permit
4.24 the commissioner to verify the tax paid. If the tax was paid by a contractor, subcontractor,
4.25 or builder, under subdivision 1, clauses (3) to (12) or (14) to ~~(18)~~ (19), the contractor,
4.26 subcontractor, or builder must furnish to the refund applicant a statement including the cost
4.27 of the exempt items and the taxes paid on the items unless otherwise specifically provided
4.28 by this subdivision. The provisions of sections 289A.40 and 289A.50 apply to refunds under
4.29 this section.

4.30 (b) An applicant may not file more than two applications per calendar year for refunds
4.31 for taxes paid on capital equipment exempt under section 297A.68, subdivision 5.

5.1 **EFFECTIVE DATE.** This section is effective retroactively for sales and purchases
5.2 made after May 31, 2025.

5.3 Sec. 5. **SALES TAX REFUNDS FOR EXEMPT PURCHASES TO REPAIR**
5.4 **PROPERTY DAMAGE CAUSED BY NATURAL DISASTERS.**

5.5 Refunds for eligible purchases under Minnesota Statutes, section 297A.67, subdivision
5.6 41, must not be issued until after June 30, 2026. Notwithstanding the requirement of
5.7 Minnesota Statutes, section 297A.67, subdivision 41, paragraph (b), that purchases must
5.8 be made within two years of the disaster to be exempt, refunds for eligible purchases for
5.9 disasters declared between June 1, 2025, and January 31, 2026, may be issued for purchases
5.10 made through December 31, 2027, or two years after the disaster, whichever is later.

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