

May 11, 2026

RE: Repeal the Tax Exemption for Hyperscale Data Centers

Members of the Minnesota House and Senate,

Our organizations write to urge timely action before the end of session on key data center bills before you. Communities across Minnesota who are affected by hyperscale data center development expect action this legislative session on an array of priorities, including a two-year moratorium, reduction or elimination of tax subsidies, requiring clean energy investments, requiring separate water appropriation permits, requiring robust environmental review, and ending the practice of using nondisclosure agreements (NDAs) by municipalities.

Some of these priorities have received hearings and advanced in the House and Senate. In the Senate, a bill to restrict the use of NDAs, co-authored by Senators Maye Quade and Drazkowski, was amended into the State and Local Government Omnibus bill. The House companion to that bill, co-authored by Representatives Emma Greenman and Drew Roach was heard in the Elections Finance and Government Operations Committee and advanced on a unanimous voice vote. However, all of these bills are in jeopardy because Big Tech and the AFL-CIO are working to block needed action.

Minnesotans have been clear in demanding action on data centers this session. Communities where hyperscale data centers have been proposed do not have the luxury of waiting until next year to address these impacts. Some face the reality that construction may begin this summer. While the data center law that passed during the 2025 Special Session contained some good provisions, many needs were left unaddressed, including requirements to limit water use, provide clean energy for the additional electricity demand, conduct an environmental impact statement, and ensure that data centers are sited in industrial areas so as not to impede on the quality of life and public health of local residents.

As of today, Minnesotans have no reason to believe the legislature is on track to pass the bills needed to protect us from the multiple risks posed by hyperscale data centers. Meanwhile, the state's generous tax exemption for data centers continues to bring more of them here.

There are countless issues before you in the last few weeks of session, and we recognize that prioritizing them is difficult. But taxpayers should not be forced to subsidize Big Tech while these risks of their facilities go unaddressed. **Any tax bill that is passed this session must repeal the sales tax exemption for Big Tech companies.** This is a common-sense step the legislature can and should take this year if no other action will be taken on data center legislation.

