The Minnesota Star Tribune

Minnesota businesses hit by now-canceled tariffs are lining up for refunds

The Supreme Court ruled President Donald Trump's tariffs illegal, but did not get into any process for making up lost revenue to businesses

By Christopher Vondracek and Dee DePass

The Minnesota Star Tribune
March 11, 2026 at 6:00AM

MedSource Labs in Chanhassen is one of more than a dozen Minnesota companies that have filed for tariff refunds. (Leila Navidi/The Minnesota Star Tribune)

Inside a boxy suburban office building, five wall clocks show the global reach of the Twin Cities medtech company: Dubai, New Delhi, Minneapolis, Frankfurt and Bogota.

Once a strength of Chanhassen-based MedSource Labs, its cross-border exposure became a liability last year when President Donald Trump's tariff policies walloped U.S. companies that import goods.

MedSource Labs is one of at least a dozen Minnesota businesses that has filed for refunds since the U.S. Supreme Court ruling that those tariffs are illegal. Thousands of businesses nationwide have filed in trade court for relief.

For 24 years, MedSource has made a range of medical materials abroad and imported them for domestic distribution and sale. The catheters, IV kits, stretcher boards and tourniquets end up in ambulances, operating rooms and clinics.

The company's total tariff bill was seven times more expensive last year than in 2024.

Hormel, Arctic Cat, Mischief Toy Store and Normark, which sells Rapala fishing lures, all have filed complaints in the U.S. Court of International Trade, suing the federal government for a refund.

While Minnesota's public companies continue to adapt to changing policies, the extra costs have dealt an outsized blow to smaller firms.

"At the end of the day, we're at the whim of the system," said founder and CEO Todd Fagley.

How businesses or individuals will receive refunds remains unclear, so Fagley's strategy is to seek one and "see what happens."

"There's a general idea this will be reimbursed," he said.

MedSource CEO Todd Fagley said the tariff bill was seven times more expensive last year than in 2024. (Leila Navidi/The Minnesota Star Tribune)

It's unclear if customers will see any refunds

Tariffs function like a tax. Americans, and American companies, generally dislike taxes — especially unplanned ones.

Complaints don't list dollar amounts sought for reimbursement. Between February 2025 and last month, American companies paid up to $166 billion in tariffs imposed by Trump claiming authority under the 1977 International Emergency Economic Powers Act (IEEPA).

The U.S. Supreme Court's Feb. 20 ruling said Trump could not use IEEPA to impose those wide-ranging tariffs. The high court did not address refunds and Treasury Secretary Scott Bessent said he'd leave it to lower courts to decide.

On March 6, a federal judge gave the administration 45 days to set up an automated refund system.

It's unclear if or when a company would be able to pass refunds along to customers. Costco officials said refunds could lead to lower prices.

Harvard Business School's Pricing Lab analyzed data through October and reported consumers paid, indirectly, about 25% of company tariff bills. The Tax Foundation estimated tariffs increased an American family's tax payments by $1,000.

Mischief Toy Store in St. Paul, which had joined other toy and game companies in one of the lawsuits against the tariffs, did not directly pay tariffs last year. But 80% to 90% of its merchandise originated in China, which faced fluctuating tariffs ranging from 25% to 145%.

Mischief Toy Store's Dan Marshall, co-owner with his wife and daughter, Abigail Adelsheim-Marshall, said the business had no choice but to raise prices because of tariffs. (Jeff Wheeler/The Minnesota Star Tribune)

Mischief paid about $10,000 more for merchandise from its importing suppliers last year because of the tariffs. In response, it raised toy prices on everything from reticulated resin lizards to puppets and board games.

"We can't absorb that kind of increase, so we had to pass it along," said Dan Marshall, who owns the store with his wife and daughter.

Any slice of suppliers' refunds would be small comfort for "so much disruption," he said.

Learning Resources, the plaintiff in the case that reached the Supreme Court, is a toy supplier for Minneapolis-based Target. The supplier expects obstacles to clawing back the $10 million in tariffs it paid because of Trump's policies last year, said CEO Rick Woldenberg. His tariff costs the year before were $2 million.

"Right now, the government is signaling that ... they want this to take longer," Woldenberg said. "They're not anxious to give the money back."

Several Minnesota companies have not yet filed, but plan to pursue refunds. Eden Prairie-based My Cable Mart is depending on its cargo logistics firm, C.H. Robinson, to help it figure out the details of how and when to apply for a refund.

My Cable spent $200,000 in 2025 on tariffs for cables, adapters and TV mounts it bought via suppliers in China. CEO Neil Marriott said he is "cautiously hopeful" he will receive some type of refund by the end of the year, but is far from confident he will get what he is owed.

Companies not sure of long-term tariff effects

The Trump administration first invoked the IEEPA tariffs on Feb. 1, 2025, citing a trade deficit and arguing that it was a national emergency. Since the high court struck down the tariffs, Trump has imposed a 10% worldwide tariff under a 1974 law, but that law allows the new tariff to be in place only temporarily.

Trump administration officials had expressed hope the tariffs would lead to reshoring of U.S. manufacturing.

At MedSource's headquarters in Chanhassen, workers listened to music while assembling wound-dressing kits from items made abroad, including India and Colombia.

Employee Lucy Gomez fills kits at MedSource Labs in Chanhassen. The company has filed for a refund on the tariffs it paid. (Leila Navidi/The Minnesota Star Tribune

"I'm very keen on remanufacturing here. I would love to open up the rest of this building as a manufacturing facility with our products for a lot of reasons," said Fagley, MedSource's CEO.

MedSource tried opening a factory in Indiana. But between higher labor costs and the regulatory burden, the operation wasn't profitable. The company relocated the facility overseas, and it started making money.

MedSource ultimately wants certainty, Fagley said.

"We just need a plan," he said.

About The Writers

Christopher Vondracek
Washington Correspondent
Christopher Vondracek covers Washington D.C. for the Minnesota Star Tribune.

Dee DePass
Reporter

Dee DePass is an award-winning business reporter covering Minnesota small businesses for the Minnesota Star Tribune. She previously covered commercial real estate, manufacturing, the economy, workplace issues and banking.