

MINNESOTA • REVENUE

PROPERTY TAX

Electric Generation Facility Personal Property Exemption

March 07, 2011

	Yes	No
DOR Administrative Cost/Savings		X

Department of Revenue

Analysis of H.F. 0616 (Gunther) / S.F. 0450 (Rosen) as introduced.

Fund Impact

	<u>FY2012</u>	<u>FY2013</u>	<u>FY2014</u>	<u>FY2015</u>
		(000's)		
General Fund	\$0	\$0	\$0	\$0

Effective for assessments in 2012, taxes payable in 2013, and thereafter.

EXPLANATION OF THE BILL

This bill exempts the attached machinery and other personal property of a new multiple reciprocating engine natural gas electric generation facility. The qualifications include a generation capacity of between 20 and 30 megawatts at a site with 10-15 megawatts already installed, be owned by a municipal power agency, be located within one mile of an existing natural gas pipeline, and be designed to furnish emergency backup power service with black start capability. In addition, the facility must satisfy a resource deficiency identified in an approved integrated resource plan and have approval of the city and county governing bodies. Construction must be commenced between January 1, 2012 and January 1, 2015. Transmission and lines and other connections are not exempt, nor are other existing facilities on the site.

REVENUE ANALYSIS DETAIL

According to the PUC, no data has been filed for this facility. The proposed location for this facility is Fairmont.

The proposed exemption to the general public utility valuation provisions may have an impact on the local tax base and tax rate in the future and may result in a small increase in property tax refunds paid by the state.

Source: Minnesota Department of Revenue
Property Tax Division - Research Unit
http://www.taxes.state.mn.us/legal_policy

hf0616(sf0450)_pt_1/lam

PROPERTY TAX BENCHMARKS (Minn. Stat. § 270C.991)

*Transparency, Understandability,
Simplicity & Accountability* Neutral

Efficiency & Compliance Neutral

Equity (Vertical & Horizontal) Neutral

Stability & Predictability Neutral

Competitiveness for Businesses Neutral

*Responsiveness to Economic
Conditions* Neutral

The bill is scored on a three point scale (decrease, neutral, increase) for each principle in comparison to current law.