

MINNESOTA • REVENUE

PROPERTY TAX Exempt Public Utility New Construction

February 22, 2002

	Yes	No
Separate Official Fiscal Note Requested		X
Fiscal Impact		
DOR Administrative Costs/Savings		X

Department of Revenue
Analysis of S.F. 2426 (Kinkel), H.F. 2744 (Fuller)

	<u>Revenue Gain or (Loss)</u>			
	<u>F.Y. 2002</u>	<u>F.Y. 2003</u>	<u>F.Y. 2004</u>	<u>F.Y. 2005</u>

(000's)

General Fund

Homeowner PTR increase

\$0 (negligible) (negligible)

Effective for taxes payable 2003 and thereafter.

EXPLANATION OF THE BILL

Current Law: Public utility land and buildings are taxed the same as commercial property. The first \$150,000 of market value is classed at 1.5%, with the remainder classed at 2.0%. Public utilities land and buildings are subject to the state tax. Electric generating machinery is classed at 2.0%. Electric generating machinery is exempt from the state levy.

Proposed Law: The proposal would exempt electric generating property for a specific new construction if started between January 1, 2001 and January 1, 2005.

REVENUE ANALYSIS DETAIL

- The facility is assumed to have an assessed value of \$10 million, and an exempted net tax capacity estimated to be \$180,000. The facility would be located in Lammers Township in Beltrami County.
- There would be little or no impact on property tax refunds or market value credits.

Number of Taxpayers Affected: Few property owners in Beltrami County.

ADMINISTRATIVE/OPERATIONAL IMPACT

There will be no significant administrative or operational costs or savings to DOR in administration of this bill.

Source: Minnesota Department of Revenue
Tax Research Division
<http://www.taxes.state.mn.us/polic.html#analyses>

sf2426(hf2744)-1/LAM