

MINNESOTA • REVENUE

PROPERTY TAX Wind Energy Conversion Systems

March 19, 2004

Department of Revenue
Analysis of H.F. 3013 (Magnus)/ S.F. 2890 (Vickerman)

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

	Revenue Gain or (Loss)			
	<u>F.Y. 2004</u>	<u>F.Y. 2005</u>	<u>F.Y. 2006</u>	<u>F.Y. 2007</u>
		(000's)		
General Fund	\$0	\$0	(Negligible)	(Negligible)

Effective for taxes payable in 2005 and thereafter.

EXPLANATION OF THE BILL

Current Law: Wind energy conversion systems are exempt from the property tax except that the land on which they are located is taxable. For property tax purposes, real property is valued at its highest and best use, except where the statutes provide otherwise.

Proposed Law: The bill would require land under wind energy conversion systems to be valued as similar land which has not been improved by a wind energy conversion system. The bill also provides that the land should be classified based on its most probable use if it were not improved with a wind energy conversion system.

REVENUE ANALYSIS DETAIL

- In some counties, land under a wind energy conversion system is assessed as industrial property. The bill would allow the land to be classified and valued as agricultural land.
- There would be a small amount of shifting of the property tax onto other property types due to the decrease in net tax capacity, resulting in a negligible impact on property tax refunds.

Number of Taxpayers Affected: Taxpayers in Lincoln and Pipestone Counties.

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

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