

MINNESOTA • REVENUE

PROPERTY TAX Modify Property Tax Abatement Process for Electric Generating Facilities

March 31, 2006

Department of Revenue
Analysis of S.F. 3089 (Murphy) / H.F. 3788 (Anderson, B.)

	Yes	No
DOR Administrative Costs/Savings		X

	Fund Impact			
	<u>F.Y. 2006</u>	<u>F.Y. 2007</u>	<u>F.Y. 2008</u>	<u>F.Y. 2009</u>
General Fund	\$0	\$0	\$0	\$0

(000's)

Effective for abatements granted after June 30, 2006.

EXPLANATION OF THE BILL

The bill would make a number of modifications to the process of abating property taxes for electric generating facilities. The bill would:

- exclude financial assistance in the form of a property tax abatement for an electric generating facility from the definition of business subsidy;
- clarify that local governments may abate property taxes on parcels which include personal property and machinery if certain conditions are met. A new condition would be added to allow abatements for the purpose of stabilizing the tax base through equalization of property tax revenues for a specified period of time with respect to a taxpayer whose real and personal property is subject to valuation by the Department of Revenue;
- allow abatements for electric generating facilities to be granted for successive periods;
- qualify electric generating facilities to receive abatements for a period of up to 20 years, and extend the authority of local governments to grant new abatements;
- exclude abatements for an electric generating facility from the annual abatement limit for local governments;
- require consent of the property owner to abate taxes for property subject to valuation by the Department of Revenue; and
- require that abatement provisions apply only to property specified in the abatement contract.

REVENUE ANALYSIS DETAIL

- The modifications to the process of abating property taxes for electric generating facilities would have no impact on the state general fund.

Number of Taxpayers: Unknown.

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

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