MINNESOTA·REVENUE

PROPERTY TAX
Community Based Energy

April 4, 2008

	Yes	No
DOR Administrative Costs/Savings		X

Department of Revenue
Analysis of S.F. 3160 (Kubly) / H.F. 3585 (Koenen)

	Fund Impact			
	F.Y. 2008	**F.Y. 2009**	**F.Y. 2010**	**F.Y. 2011**
		(000's)		
General Fund	$0	$0	Unknown	Unknown

Assumed effective for taxes levied in 2008, payable in 2009.

EXPLANATION OF THE BILL

The bill allows political subdivisions or local units of government to develop community based energy projects, and sell the energy produced.

Bonds may be issued by counties or the Metropolitan Council for wind energy conversion systems. For counties and the Metropolitan Council, energy must be bought and sold at wholesale. Counties may purchase electrical energy, from projects or utilities, and may be for a term of 1 to 20 years. The Metropolitan council's or a county's onsite generation is limited to 10 megawatts. A county may annually levy an amount not exceeding .015 percent of taxable market value for purchasing energy or ownership interests.

REVENUE ANALYSIS DETAIL

- An unknown number of jurisdictions would participate in community base energy projects.
- For counties that levy for energy acquisition, net taxes on homestead property would increase, resulting in increased property tax refunds by an unknown amount.

Number of Taxpayers: Owners of property in counties that adopt the energy acquisition would be directly affected.

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

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