

MINNESOTA • REVENUE

PROPERTY TAX

Wind Energy Production Tax Removed from Levy Limits

March 27, 2012

	Yes	No
DOR Administrative Cost/Savings		X

Department of Revenue

Analysis of H.F. 1772 (Torkelson) / S.F. 1618 (Magnus) as introduced

	Fund Impact			
	FY2012	FY2013	FY2014	FY2015
	(000's)			
General Fund	\$0	\$0	\$0	\$0

Effective for taxes levied in 2012 and thereafter, but only if levy limits are in effect.

Under current law, the definition of "levy aid base" for purposes of determining levy limits is equal to a local government unit's net tax capacity spread levy minus any special levies, plus the sum of:

- (1) local government aid or county program aid;
- (2) taconite aids; and
- (3) wind energy production tax payments.

The levy aid base is adjusted for inflation, household growth and new construction to determine the adjusted levy limit base for the following levy year.

The property tax levy limit is equal to the adjusted levy limit base, plus qualifying special levies, reduced by the sum of:

- (1) local government aid or county program aid;
- (2) taconite aids;
- (3) wind energy production tax payments; and
- (4) utility valuation transition aid;

The bill would remove the wind energy production tax from the calculation of levy limits.

- The bill would not impact the state general fund as levy limits are not currently in effect.
- Levy limits were last in effect for property taxes payable in 2009 to 2011.
- Removing wind energy production tax payments from the determination of levy limits would reduce the levy aid base amount for local units of government.
- If levy limits were to become effective, local government units experiencing future increases in wind energy production tax payments would experience an increase in general levy authority under the bill. The opposite would be true for local government units experiencing future decreases in wind energy production tax payments.

Number of Taxpayers: 22 counties with wind energy production.

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

*Transparency, Understandability,
Simplicity & Accountability* Neutral

Efficiency & Compliance Increase Administrative complexity reduced with the additional factor removed from the levy limit calculation.

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.

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

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