

# MINNESOTA • REVENUE

## PROPERTY TAX

### Electric Generation Facility Personal Property Exemption

February 13, 2013

	Yes	No
DOR Administrative Cost/Savings		X

Department of Revenue

Analysis of S.F. 0161 (Wiger) / H.F. 0337 (Lillie) as introduced

#### Fund Impact

	<u>FY2014</u>	<u>FY2015</u>	<u>FY2016</u>	<u>FY2017</u>
		(000's)		
General Fund	\$0	\$0	(unknown)	(unknown)

Effective for assessment year 2013, for taxes payable 2014 and thereafter.

#### EXPLANATION OF THE BILL

The bill exempts the attached machinery and other personal property of new electric generating facilities that exceed five megawatts of installed capacity. At time of construction, the facility must use natural gas as fuel, be owned and operated by a municipal power agency, use reciprocating engines and generators, and be located in a service territory exclusively in a metro county. Construction must commence between June 1, 2013, and June 1, 2017. Transmission lines, gas lines, and other connections are not exempt.

#### REVENUE ANALYSIS DETAIL

- According to the PUC, no data has been filed for these facilities. Two facilities may be built for Minnesota Municipal Power Association.
- The proposed exemption to the general public utility provisions may have an unknown impact on the local tax base and tax rate in the future, and may result in a small increase in property tax refunds paid by the state.

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

<i>Transparency, Understandability, Simplicity &amp; Accountability</i>	Neutral
<i>Efficiency &amp; Compliance</i>	Neutral
<i>Equity (Vertical &amp; Horizontal)</i>	Neutral
<i>Stability &amp; Predictability</i>	Neutral
<i>Competitiveness for Businesses</i>	Neutral
<i>Responsiveness to Economic Conditions</i>	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  
[www.revenue.state.mn.us/research\\_stats/pages/revenue-analyses.aspx](http://www.revenue.state.mn.us/research_stats/pages/revenue-analyses.aspx)

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