

March 20, 2019

	Yes	No
DOR Administrative Costs/Savings		X

Department of Revenue
Analysis of H.F. 2104 (Haley)

	Fund Impact			
	<u>F.Y. 2020</u>	<u>F.Y. 2021</u>	<u>F.Y. 2022</u>	<u>F.Y. 2023</u>
		(000's)		
General Fund	(\$5,000)	(\$3,800)	(\$3,800)	(\$3,800)

Effective beginning in tax year 2019.

EXPLANATION OF THE BILL

Current Law: Utilities that operate nuclear power plants are required to set up decommissioning funds, which will be used to dismantle nuclear power plants when they wear out. When a nuclear power plant is dismantled, the prior years' contributions and the earnings on the contributions are used to pay for decommissioning. The earnings of decommissioning funds are subject to tax.

Proposed Law: Under the bill, the earnings of decommissioning funds would be exempt from taxation.

REVENUE ANALYSIS DETAIL

- The revenue loss is based on the average tax paid by nuclear decommissioning funds during tax years 2009- 2017.
- Due to a retroactive effective date, all of the tax year 2019 revenue loss is allocated to FY 2020. Tax year revenue losses from other tax years are allocated 30/70 to fiscal years.

Minnesota Department of Revenue
Tax Research Division
www.revenue.state.mn.us/research/stats/Pages/Revenue-Analyses.aspx