

**PROPERTY TAX  
Energy storage systems  
property tax exemption**

February 15, 2023

	<b>Yes</b>	<b>No</b>
<b>DOR Administrative Costs/Savings</b>	<b>X</b>	

Department of Revenue  
Analysis of S.F. 0369 (Hoffman) as proposed to be amended by SCS0369A-1

	<b>Fund Impact</b>			
	<b>F.Y. 2024</b>	<b>F.Y. 2025</b>	<b>F.Y. 2026</b>	<b>F.Y. 2027</b>
	(000's)			
Property Tax Refund Interaction	\$0	(\$20)	(\$20)	(\$20)

Effective beginning with assessment year 2023.

**EXPLANATION OF THE BILL**

The proposal would create a property tax exemption for personal property consisting of an energy storage system. (An energy storage system is a commercially available technology that uses mechanical, chemical, or thermal processes to store energy.) An exemption application must be filed with the Department of Revenue.

**REVENUE ANALYSIS DETAIL**

- The proposal does not require that a Statement of Exemption be filed by February 15 of the assessment year, so the proposal is assumed to be administrable for assessment year 2023.
- The primary beneficiary of the exemption would be Gopher Energy Storage, LLC, with two large battery storage systems: a 9MW site in Isanti County and a 6MW site in Anoka County.
- There may be other smaller energy storage systems that would also qualify for the exemption.
- For taxes payable in 2024 and thereafter, the exemption would shift property taxes away from the exempted energy storage systems and onto all other properties, including homesteads.
- The additional property tax burden on homesteads caused by the exemption would increase state-paid homeowner refunds by approximately \$20,000 beginning in fiscal year 2025.
- The exemption from the commercial-industrial state general tax would have no impact on state revenues in payable year 2024 and thereafter, because the tax rate would be adjusted to yield the amount of revenue required by statute.
- Tax year impact is allocated to the following fiscal year.

Number of Taxpayers: Assumed to be fewer than ten.

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

<i>Transparency, Understandability, Simplicity &amp; Accountability</i>	Neutral	Decrease – An additional type of exemption. Increase – Clarifies the tax treatment of this new technology.
<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  
<https://www.revenue.state.mn.us/revenue-analyses>

hf0178(sf0369) Energy Storage System Exemption\_pt\_2/jtb