

**PROPERTY TAX  
Electric Generation Facility  
Exemption**

March 26, 2025

Department of Revenue

Analysis of H.F. 1773 (Davids) / S.F. 2615 (Jasinski) as introduced

	Yes	No
DOR Administrative Costs/Savings		X

**Fund Impact**

	<u>F.Y. 2026</u>	<u>F.Y. 2027</u>	<u>F.Y. 2028</u>	<u>F.Y. 2029</u>
	(000's)			
General Fund	\$0	\$0	\$0	\$0

Effective beginning with taxes payable in 2029.

**EXPLANATION OF THE BILL**

The proposal would exempt the attached machinery and other personal property of an electric generation facility that is located outside the metropolitan area, has more than 40 megawatts and less than 50 megawatts of installed capacity, and is designed to use natural gas as a primary fuel. The facility must be owned and operated by a municipal power agency and be located within 1,000 feet of an existing natural gas pipeline. Construction of the facility must commence after January 1, 2026, and before January 1, 2028. Electric transmission lines, gas pipelines, and interconnections are not eligible for the exemption.

**REVENUE ANALYSIS DETAIL**

- Once constructed, the electric generation machinery at the Steele Energy Station in Owatonna (owned by the Southern Minnesota Municipal Power Agency) would be eligible for the exemption.
- Land and buildings at the facility would still be subject to property taxes.
- Beginning with taxes payable in 2029, the exemption would shift property taxes away from the electric generation facility and onto all other properties, including homesteads, increasing homeowner property tax refunds by an estimated \$50,000 in FY 2030.
- Tax year impact is allocated to the following fiscal year.

## 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  
<https://www.revenue.state.mn.us/revenue-analyses>

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