

**PROPERTY TAX
Electric Generation Facility
Exemption**

April 8, 2026

	Yes	No
DOR Administrative Costs/Savings		X

Department of Revenue
Analysis of H.F. 4709 (Mueller) as proposed to be amended by H4709A2

Fund Impact

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

Effective beginning with taxes payable in 2030.

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, 2030. 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 and the Austin Energy Station in Austin (both owned by the Southern Minnesota Municipal Power Agency) would be eligible for the exemption.
- Land and buildings at the facilities would still be subject to property taxes.
- Beginning with taxes payable in 2030, the exemption would shift property taxes away from the electric generation facilities and onto all other properties, including homesteads.
- Due to different completion dates of the facilities, the initial tax shift for taxes payable in 2030 is estimated at approximately \$1.1 million, increasing to about \$1.5 million by taxes payable year 2031 as both facilities come into service.
- This would increase homeowner property tax refunds by \$70,000 in FY 2031, increasing to \$90,000 by FY 2032.
- Tax year impact is allocated to the following fiscal year.

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

<i>Transparency, Understandability, Simplicity & Accountability</i>	Neutral
<i>Efficiency & Compliance</i>	Neutral
<i>Equity (Vertical & Horizontal)</i>	Neutral
<i>Stability & 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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