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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETY-FOURTH SESSION

H. F. No. 506

02/13/2025 Authored by Davids
The bill was read for the first time and referred to the Committee on Taxes

1.1 A bill for an act
1.2 relating to taxation; property taxes; modifying exemption, valuation, and
1.3 distribution provisions for certain electric cooperatives; amending Minnesota
1.4 Statutes 2024, sections 272.02, subdivision 19; 273.38; 273.41.

1.5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.6 Section 1. Minnesota Statutes 2024, section 272.02, subdivision 19, is amended to read:

1.7 Subd. 19. Property used to distribute electricity to farmers. Electric power distribution
1.8 lines and their attachments and appurtenances systems, not including substations, or
1.9 transmission or generation equipment, that are used primarily for supplying electricity to
1.10 farmers at retail, are exempt.

1.11 EFFECTIVE DATE. This section is effective for assessment year 2026 and thereafter.

1.12 Sec. 2. Minnesota Statutes 2024, section 273.38, is amended to read:

1.13 273.38 PERCENTAGE OF ASSESSMENTS; EXCEPTIONS.

1.14 The distribution lines and the attachments and appurtenances thereto systems, not
1.15 including substations, or transmission or generation equipment, of cooperative associations
1.16 organized under the provisions of Laws 1923, chapter 326, and laws amendatory thereof
1.17 and supplemental thereto, and engaged in the electrical heat, light and power business, upon
1.18 a mutual, nonprofit and cooperative plan, shall be assessed and taxed as provided in sections
1.19 273.40 and 273.41.

1.20 EFFECTIVE DATE. This section is effective for assessment year 2026 and thereafter.

2.1 Sec. 3. Minnesota Statutes 2024, section 273.41, is amended to read:

2.2 **273.41 AMOUNT OF TAX; DISTRIBUTION.**

2.3 There is hereby imposed upon each such cooperative association on December 31 of
2.4 each year a tax of \$10 for each 100 members, or fraction thereof, of such association. The
2.5 tax, when paid, shall be in lieu of all personal property taxes, state, county, or local, upon
2.6 ~~distribution lines and the attachments and appurtenances thereto of such associations~~ that
2.7 part of the association's distribution system, not including substations, or transmission or
2.8 generation equipment, located in rural areas. The tax shall be payable on or before March
2.9 1 of the next succeeding year, to the commissioner of revenue. If the tax, or any portion
2.10 thereof, is not paid within the time herein specified for the payment thereof, there shall be
2.11 added thereto a specific penalty equal to ten percent of the amount so remaining unpaid.
2.12 Such penalty shall be collected as part of said tax, and the amount of said tax not timely
2.13 paid, together with said penalty, shall bear interest at the rate specified in section 270C.40
2.14 from the time such tax should have been paid until paid. The commissioner shall deposit
2.15 the amount so received in the general fund of the state treasury.

2.16 **EFFECTIVE DATE.** This section is effective for assessment year 2026 and thereafter.