

A bill for an act

relating to taxation; property; electric generation facility; modifying the in-lieu payment agreement; amending Minnesota Statutes 2009 Supplement, section 272.02, subdivision 92.

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

Section 1. Minnesota Statutes 2009 Supplement, section 272.02, subdivision 92, is amended to read:

Subd. 92. **Electric generation facility; personal property.** (a) Notwithstanding subdivision 9, clause (a), attached machinery and other personal property that is part of an electric generation facility that exceeds 150 megawatts of installed capacity, does not exceed 780 megawatts of summer capacity, and meets the requirements of this subdivision is exempt. At the start of construction, the facility must:

(1) be designed to utilize natural gas as a primary fuel;

(2) be owned by an entity other than a public utility as defined in section 216B.02, subdivision 4;

(3) be located within five miles of two or more interstate natural gas pipelines;

(4) be located within one mile of an existing electrical transmission substation with operating alternating current voltages of 115 kV, 345 kV, and 500 kV;

(5) be designed to provide electrical capacity, energy, and ancillary services;

(6) have satisfied all of the requirements under section 216B.243;

(7) have executed an interconnection agreement with the Midwest Independent System Operator that does not require the acquisition of more than one mile of new electric transmission right-of-way within the county where the facility is located, and does

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not provide for any other new routes or corridors for future electric transmission lines in the county where the facility is located;

(8) be located in a county with an essential services and transmission services ordinance;

(9) have signed a development agreement with the county board in the county in which the facility is located. The development agreement must be adopted by a two-thirds vote of the county board, and must contain provisions ensuring:

(i) the facility is designed to use effluent from a wastewater treatment facility as its preferred water source if it includes any combined-cycle units, and will not seek an exemption from legislative approval under section 103G.265, subdivision 3, paragraph (b); and

(ii) all processed wastewater discharge will be colocated with the outfall of a wastewater treatment facility;

(10) have signed a development agreement with the township board in the township in which the facility is located containing provisions ensuring that noise and visual impacts of the facility are mitigated. The development agreement must be adopted by a two-thirds vote of the township board; and

(11) have an agreement with the host county, township, and school district for payment in lieu of personal property taxes to the host county, township, and school district ~~for a total amount not to exceed \$600,000 per year~~ which shall be in effect for the operating life of the facility. Any amount distributed to the school district is not subject to the deductions under section 126C.21.

(b) Construction of the facility must begin after March 1, 2010, and before March 1, 2014. Property eligible for this exemption does not include electric transmission lines and interconnections or gas pipelines and interconnections appurtenant to the facility.

EFFECTIVE DATE. This section is effective the day after final enactment.