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State of Minnesota
HOUSE OF REPRESENTATIVES

NINETY-SECOND SESSION

H. F. No. 3977

03/03/2022 Authored by Christensen
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; establishing electric generation transition aid to local
1.3 governments; appropriating money; proposing coding for new law in Minnesota
1.4 Statutes, chapter 477A.

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

1.6 Section 1. **[477A.23] ELECTRIC GENERATION TRANSITION AID.**

1.7 Subdivision 1. **Definitions.** (a) For purposes of this section, the following terms have
1.8 the meanings given.

1.9 (b) "Electric generation property" means taxable property of an electric generating plant
1.10 owned by a public utility, as defined in section 216B.02, that is powered by coal, nuclear,
1.11 or natural gas, and located in an eligible taxing jurisdiction.

1.12 (c) "Electric generating unit" means a single solid fuel-fired steam generating unit at an
1.13 electric generating plant that serves a generator that produces electricity for sale to the
1.14 electric grid.

1.15 (d) "Eligible taxing jurisdiction" means a county, home rule charter or statutory city,
1.16 town, or school district.

1.17 (e) "Unit base year" means the assessment year in which the tax capacity of an electric
1.18 generating unit is removed from the property tax base due to retirement of the electric
1.19 generating unit.

1.20 (f) "Unit differential" means (1) the tax capacity of electric generation property in the
1.21 assessment year preceding the unit base year, minus (2) the tax capacity of electric generation
1.22 property in the unit base year. The unit differential may not be less than zero.

2.1 Subd. 2. **Required notification.** A public utility must notify the commissioner when
2.2 the public utility expects to retire an electric generating unit and remove that unit from the
2.3 property tax base. The notification must be in the form and manner determined by the
2.4 commissioner, must include information required by the commissioner to calculate transition
2.5 aid under this section, and must be filed together with the reports required under section
2.6 273.371.

2.7 Subd. 3. **Unit transition amount.** (a) The initial unit transition amount equals the product
2.8 of (1) the unit differential, times (2) the jurisdiction's tax rate for taxes payable in the unit
2.9 base year.

2.10 (b) The unit transition amount for the year following the unit base year, or in the year
2.11 as provided under subdivision 6, equals the initial unit transition amount. Unit transition
2.12 amounts in subsequent years must be reduced each year by an amount equal to five percent
2.13 of the initial unit transition amount. If the unit transition amount attributable to any unit is
2.14 less than \$5,000 in any year, the unit transition amount for that unit equals zero.

2.15 Subd. 4. **Electric generation transition aid.** Electric generation transition aid for an
2.16 eligible taxing jurisdiction equals the sum of the unit transition amounts for that jurisdiction.

2.17 Subd. 5. **Commissioner's duties; payment schedule.** (a) The commissioner of revenue
2.18 shall compute the amount of electric generation transition aid payable to each jurisdiction
2.19 under this section. On or before August 1 of each year, the commissioner shall certify the
2.20 amount of aid computed for aids payable in the following year for each jurisdiction. The
2.21 commissioner shall pay aid to each jurisdiction annually at the times provided in section
2.22 477A.015.

2.23 (b) The commissioner of revenue may require counties to provide any data that the
2.24 commissioner deems necessary to administer this section.

2.25 Subd. 6. **Aid for prior unit retirements.** An electric generating unit with a unit base
2.26 year after 2016 but before 2022 must be counted for the purpose of calculating aid under
2.27 this section. For a unit eligible to be counted under this subdivision, for the purpose of the
2.28 schedule of amounts under subdivision 3, paragraph (b), the unit base year is 2022.

2.29 Subd. 7. **Appropriation.** An amount sufficient to pay transition aid under this section
2.30 is annually appropriated from the general fund to the commissioner of revenue.

2.31 **EFFECTIVE DATE.** This section is effective for aids payable in 2023 and thereafter.