

SENATE

STATE OF MINNESOTA

EIGHTY-EIGHTH LEGISLATURE

S.F. No. 1026

(SENATE AUTHORS: SAXHAUG and Koenen)

| DATE | D-PG | OFFICIAL STATUS |
|------------|------|---|
| 03/04/2013 | 481 | Introduction and first reading Referred to Taxes |

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A bill for an act relating to taxation; property; providing a tax credit for pollution control property; repealing the property tax exemption for certain pollution control property; amending Minnesota Statutes 2012, sections 272.02, subdivision 10; 290.06, by adding a subdivision.

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

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Section 1. Minnesota Statutes 2012, section 272.02, subdivision 10, is amended to read:
Subd. 10. **Personal property used for pollution control.** Personal property used primarily for the abatement and control of air, water, or land pollution that is not part of an electric generation system is exempt to the extent that it is so used, and real property is exempt if it is used primarily for abatement and control of air, water, or land pollution as part of an agricultural operation, as a part of a centralized treatment and recovery facility operating under a permit issued by the Minnesota Pollution Control Agency pursuant to chapters 115 and 116 and Minnesota Rules, parts 7001.0500 to 7001.0730, and 7045.0020 to 7045.1260, or as a wastewater treatment facility and for the treatment, recovery, and stabilization of metals, oils, chemicals, water, sludges, or inorganic materials from hazardous industrial wastes, ~~or as part of an electric generation system~~. For purposes of this subdivision, personal property includes ponderous machinery and equipment used in a business or production activity that at common law is considered real property.

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Any taxpayer requesting exemption of all or a portion of any real property or any equipment or device, or part thereof, operated primarily for the control or abatement of air, water, or land pollution shall file an application with the commissioner of revenue. The Minnesota Pollution Control Agency shall upon request of the commissioner furnish information and advice to the commissioner.

The information and advice furnished by the Minnesota Pollution Control Agency must include statements as to whether the equipment, device, or real property meets a standard, rule, criteria, guideline, policy, or order of the Minnesota Pollution Control Agency, and whether the equipment, device, or real property is installed or operated in accordance with it. On determining that property qualifies for exemption, the commissioner shall issue an order exempting the property from taxation. The equipment, device, or real property shall continue to be exempt from taxation as long as the order issued by the commissioner remains in effect.

EFFECTIVE DATE. This section is effective beginning for property taxes payable in 2014.

Sec. 2. Minnesota Statutes 2012, section 290.06, is amended by adding a subdivision to read:

Subd. 38. Corporate tax credit; certain pollution control property. (a) For purposes of this subdivision, "qualified property" means property that is part of an electrical generation system and that is subject to ad valorem taxation, but that would have qualified for exemption under section 272.02, subdivision 10, if the property were not part of an electrical generation system.

(b) A credit is allowed against the taxes imposed by subdivision 1 and section 290.0921 for the taxable year equal to the ad valorem taxes incurred for the taxable year on qualified property owned by a legal entity that is part of the same unitary business, as defined in section 290.17, subdivision 4. The unitary business may allocate the credit under this section to any of its members.

(c) In order to determine the amount of taxes qualifying for the credit under paragraph (b) for each assessment year after 2012, the commissioner of revenue shall determine the net tax capacity for each qualified property. The commissioner shall obtain the appropriate local property tax rate for each qualified property and report the amount to the owner. Upon request of the commissioner, the county auditor and assessor shall provide any information necessary to administer the provisions of this subdivision.

EFFECTIVE DATE. This section is effective beginning for taxes payable in 2014.