



# Electric Generation Transition Aid

Minnesota Statute 477A.24

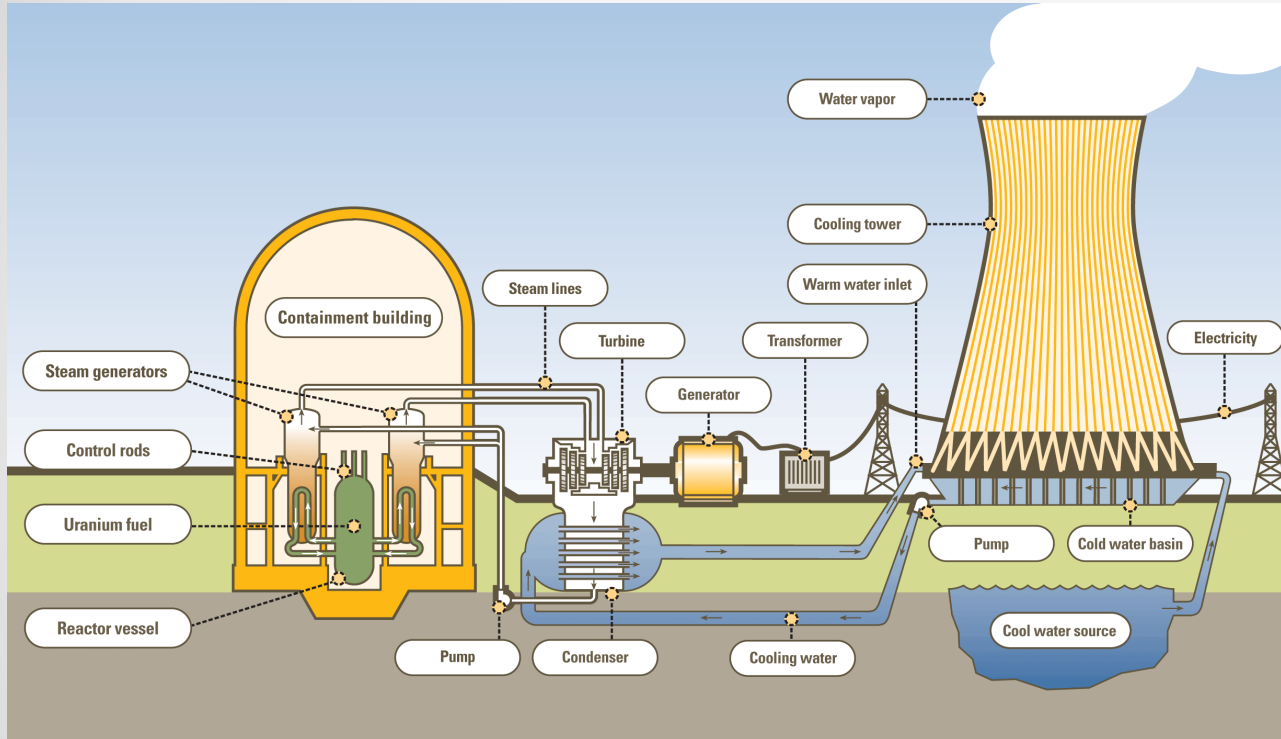
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# Purpose of the Statute

Goal: Provide financial support to local governments when a coal, nuclear, or gas electric generating unit is retired and removed from the tax base

Why it matters: Retirement reduces tax capacity, affecting local budgets

# Key Definitions



**Electric generating unit:** A single coal, nuclear or gas-powered generator

**Electric generation property:** Taxable property of the electric plant

**Eligible taxing jurisdiction:** County, city, town, or school district

**Unit base year:** Year when a generating unit is reduced in value

**Unit differential:** Drop in tax capacity due to retirement

# Notification

Who: Public Utilities

What: Notify the Commissioner of Revenue of unit retirement

When: Along with regular reporting (Sec. 273.371)



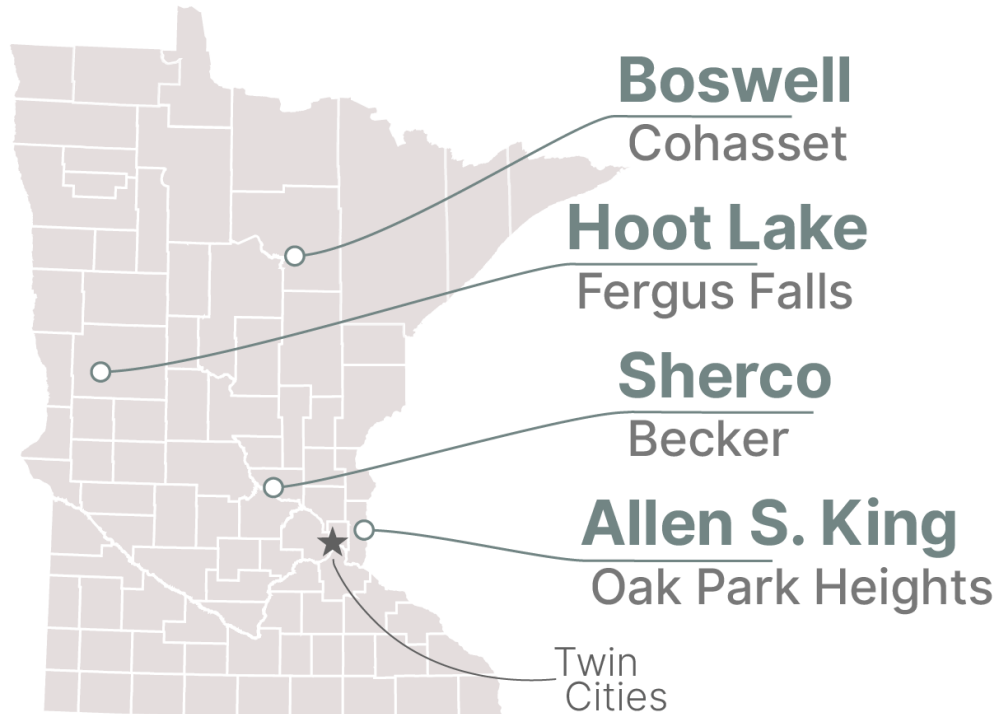
## Unit Differential

- The tax capacity of electric generation property in the year preceding the base year needs to be 4% or greater
- The unit differential is the difference in the electric generating plant's NTC in the year prior to retirement minus the NTC in the unit base year.

# Calculating the Aid

- Initial Unit Transition Amount:
  - Formula:  $\text{Unit Differential} \times \text{Tax Rate}$   
(unit base year)
- Ongoing Payments:
  - Each following year: reduced by 5% annually
  - Ends if amount falls below \$5,000

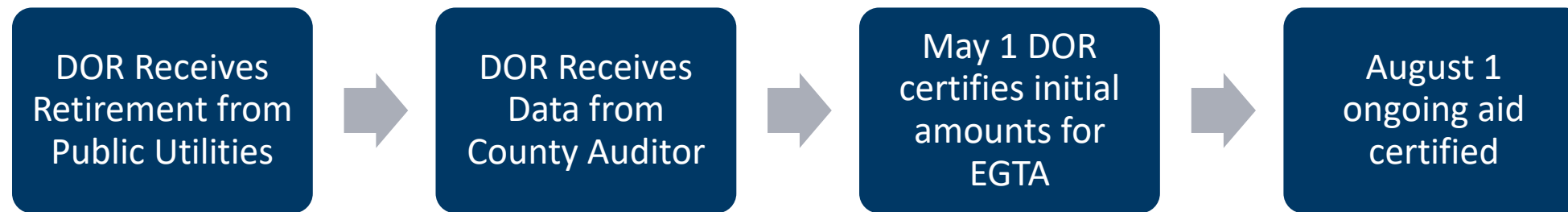
## Minnesota's coal plants



- When aid stops:  
When the jurisdiction's net tax capacity equals 90% of the net tax capacity in the year preceding the year in which the jurisdiction first qualified for aid.

# Administration & Payment

- **Commissioner's role: Calculate, certify, and distribute aid**





# Thank You!

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