(b) The energy transition plan must, at a minimum, for each impacted facility:

(3) describe the statutes and administrative processes that govern how retired utility property impacts a local government tax base;

(4) review existing state programs that might support impacted communities and impacted workers, and project the effectiveness of each program's response to the effects of impacted facility retirements; and

(5) recommend how to effectively respond to the economic effects of impacted facility retirements.
(c) "Impacted facility" means an electric generating unit powered by coal, nuclear energy, or natural gas that is or was owned by a public utility, as defined in section 216B.02, subdivision 4, and that:

(1) is currently operating and (i) is projected, estimated, or scheduled to cease operations, or (ii) whose cessation of operations has been proposed in an integrated resource plan filed with the Public Utilities Commission under section 216B.2422; or

(2) ceased operations or was removed from the local property tax base no earlier than five years before July 1, 2021.

Minn. Stat. § 116J.5491, subd. 1(c).
Impacted Facilities - Currently Operating

(c)(1) is currently operating

• ALLETE, Inc.
  • Syl Laskin Units 1 and 2 – Natural Gas
  • Clay Boswell Units 3 and 4 – Coal (Planned Retirement: Unit 3 12/2029)
  • Taconite Harbor Energy Center Units GEN1 and GEN2 – Coal (Planned Retirement 3/2023)
  • Rapids Energy Center Units 6 and 7 – Natural Gas

• Northern States Power Co – Minnesota
  • Black Dog Units 2, 5, and 6-1 – Natural Gas (Planned Retirement: Unit 2 and 5 12/2031; Unit 6-1 12/2058)
  • High Bridge Units 7, 8, and 9 – Natural Gas
  • Inver Hills Units 1-6 – Natural Gas (Planned Retirement 12/2026)
  • Allen S King Unit 1 – Coal
  • Monticello Nuclear Facility Unit 1 – Nuclear
  • Prairie Island Units 1 and 2 – Nuclear
  • Riverside (MN) Units 9, 10, ST7 – Natural Gas
  • Sherburne County Units 1, 2, and 3 – Coal (Planned Retirement: Unit 2 12/2023; Unit 1 12/2024; Unit 3 12/2034)
  • Blue Lake Units 7 and 8 – Natural Gas

• Otter Tail Power Co
  • Solway CT Unit 1 – Natural Gas
(c)(2) [Retired] no earlier than five years before July 1, 2021

- Interstate Power and Light Co
  - Fox Lake Units 1 and 3 – Natural Gas – 11/2017

- ALLETE, Inc.
  - Clay Boswell Units 1 and 2 – Coal – 12/2018

- Northern States Power Co - Minnesota
  - Granite City Units 1, 2, 3, and 4 – Natural Gas – 6/2019

- Otter Tail Power Co
  - Hoot Lake Units 2 and 3 – Coal – 6/2021
Our Mission

Working together to fund the future for all of Minnesota.

Our Vision

Everyone reports, pays, and receives the right amount: no more, no less.
Electric Utility Impacted Taxes in Minnesota

- Property Tax (Minn. Stat. Chapters 270 – 289)
- Wind Energy Production Tax (Minn. Stat. § 272.029)
- Solar Energy Production Tax (Minn. Stat. § 272.0295)
- Corporate Franchise Tax
- Sales & Use Tax
  - Local Option (Minn. Stat. § 297A.99)
- Withholding and Individual Income Tax
- Motor Fuel
- Other
Assessment Year

Payable Year

Minnesota’s property tax system is levy-based

• Jurisdictions set their budget and levy need

• That levy is spread against all taxable properties according to value and classification

• Property taxes are an interdependent system: if one property owner pays less, others pay more
Jan. 2  Assessment date for both real and personal property.
Jan. 15  Last day for owners to apply for class 1c or 4c(5) resort classification.
Feb. 1  Last day to file for tax-exempt status with the assessor.
March 31  Last day for county treasurers to mail Property Tax Statements to property owners.
March - April  Valuation Notices are mailed to property owners.
April - May  Local Boards of Appeal and Equalization convene.
April 1  PRISM Submission 1, Preliminary Assessment and Submission 3, Final Assessment and Taxation are due.
April 30  Last day to file Tax Court petition for dispute over value that affects the taxes payable in the current year.
April 30  Property Tax Refund data for Real Property Homesteads are due.
May 1  Last day to file application for Green Acres for the current assessment year.
May 1  Last day to file application for Rural Preserve for the current assessment year.
May 1  Last day to file application for class 2c Managed Forest Land for the current assessment year.
May 15  First-half real property taxes due (except for class 1c or 4c seasonal commercial and some class 3a commercial property which have until May 31).
May 29  Last day for owners of manufactured homes assessed as personal property to establish and apply to assessor for homestead treatment.
June  County Boards of Appeal and Equalization convene.
June 30  Final Adjustment Net Tax Capacities are due.
June 1  Last day to file application for Metropolitan Agricultural Preserves.
July 1  Last day property owners can notify the county assessor of entity-owned property that may qualify for value linkage to their individually-owned and homestead agricultural property to receive the lower first tier agricultural homestead classification rate for the current assessment year.
July 1  Last day for the Department of Revenue to send annual certification letters to enrolled SFIA participants.
July 31  Duplicate Homestead data for Real Property and Manufactured Housing is due.
Aug. 15  Property Tax Refund Returns (Form M1PR) due. You can claim your refund up to one year past this date (e.g. returns due Aug. 15, 2013 can be filed and claimed until Aug 15, 2014).
Aug. 15  Last day for enrolled SFIA participants to return their signed certification.
Aug. 31  Last day to pay first half of personal property tax on manufactured homes.
Sept. 1  Last day to file in Tax Court regarding manufactured home valuation or taxes.
Sept. 1  PRISM Submission 2, Adjusted Assessment and Submission 4 and Manufactured Homes are due.
Oct. 1  Last day for taxpayers to apply for class 1b (blind and disabled) for current assessment year.
Oct. 1  Annual SFIA incentive payments sent to enrolled participants on or before this date.
Oct. 15  Last day to pay second half of real estate taxes unless part of the parcel is classified 2a agricultural land.
Oct. 15  Last day for assessors to certify approval of applications for Open Space for the current year.
Oct. 31  Last day to file application for enrollment in SFIA.
Nov. 1  Last day for senior citizens to file for property tax deferral (for the next year's tax).
Nov. 3  Last day to file application for Open Space for the next assessment year.
Nov. 10-25  Truth-in-Taxation notices sent to all property owners.
Nov. 15  Last day to pay second half of personal property taxes on manufactured homes and second half of real estate taxes on parcels with any class 2a agricultural land.
Nov. 25  Truth-in-Taxation meetings may occur on or after this date.
Dec. 31  Last day for real property owners to move into their homes and file a homestead application with the assessor for the current year's assessment.
Dec. 31  Last day disabled veterans can file applications (and reapplications) for value exclusion for the current assessment year.
Dec. 31  Last day for assessors to file a copy of clerical corrections and administrative errors made after Local and County Boards of Appeal and Equalization with the county board of commissioners.
Dec. 31  County assessor's term expiration every four years.
### Property Tax Calendar

<table>
<thead>
<tr>
<th>Date</th>
<th>Event Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jan. 2</td>
<td>Assessment date for both real and personal property.</td>
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</tbody>
</table>
Electric utilities are valued under a “dual” system:

• Operating Property is valued centrally by the state.*

• Nonoperating Property is valued locally by city or county assessors.
State Assessment Under MN Rule 8100

Unitary Valuation Steps:

• System Unit Value
• Minnesota Allocated Value
• Remove locally assessed and non-taxable property
• Apportionment & Equalization
• Certification
• All real and personal property in this state is taxable, except Indian lands and such other property as is by law exempt from taxation. (Minn. Stat. § 272.01, subd. 1).

• There are currently 104 subdivisions of exemptions listed in Minn. Stat. § 272.02. The filing requirements to receive these exemptions are listed in Minn. Stat. § 272.025.

• Personal property, with several exceptions including personal property which is part of an electric generating, transmission, or distribution system. (Minn. Stat. § 272.02, subd. 9). Also note Minn. Rule 8100.0300, subp. 8.

• Personal property used for pollution control. (Minn. Stat. § 272.02, subd. 10).

• Wind energy conversion systems. (Minn. Stat. § 272.02, subd. 22).

• Solar energy generating systems. (Minn. Stat. § 272.02, subd. 24).

• Qualifying electric generation facility personal property. (Minn. Stat. § 272.02, subd. 15, 29, 33, 44, 45, 47, 52, 54, 55, 56, 68, 69, 70, 71, 84, 89, 92, 93, 96, 99, 100).

• Other exemptions exist within Minnesota Statutes.
• Personal property used for pollution control. (Minn. Stat. § 272.02, subd. 10).

• Pollution Control Exemption | Minnesota Department of Revenue (state.mn.us)

• The Pollution Control Exemption applies to real and personal property used primarily to reduce or control of air, water, or land pollution.

- [https://www.revenue.state.mn.us/sliding-scale-market-value-exclusion](https://www.revenue.state.mn.us/sliding-scale-market-value-exclusion)

- The Sliding Scale Market Value Exclusion is a market value exclusion for equipment located in high efficiency electric power generation facilities, excluding wind energy conversion systems. It reduces the taxable market value of the equipment.
Solar and Wind Energy Production Taxes
Wind Energy Production Tax

General Information

• Tax on the production of electricity
• Real and personal property of a Wind Energy Conversion System (WECS) is exempt
• Land is subject to property tax
• Wind Energy Production Tax | Minnesota Department of Revenue (state.mn.us)
• Minn. Stat. § 272.029
### Wind Energy Production Tax

#### Tax Rate

<table>
<thead>
<tr>
<th>TYPE OF WECS</th>
<th>NAMEPLATE CAPACITY</th>
<th>TAX PER MW HOUR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Large Scale</td>
<td>Over 12</td>
<td>$1.20</td>
</tr>
<tr>
<td>Medium Scale</td>
<td>Between 2 and 12</td>
<td>$0.36</td>
</tr>
<tr>
<td>Small Scale</td>
<td>2 and under</td>
<td>$0.12</td>
</tr>
</tbody>
</table>
Wind Energy Production Tax

Production Tax Calculation Example

5,000 MWh \times \$0.36 = \$1,800

\textit{Annual Production} \quad \textit{Tax Rate}^* \quad \textit{Tax}

^* \text{for a medium-scale WECS}
General Information

• Tax on the production of electricity

• Personal property of SEGS are exempt from property tax

• Land is still subject to property tax

• Solar Energy Production Taxes | Minnesota Department of Revenue (state.mn.us)

• Minn. Stat. § 272.0295
Tax Rate

One rate only: $1.20 per megawatt hour (MWh)

Tax Calculation Example

\[ 5,000 \text{ MWh} \times \$1.20 = \$6,000 \]

Annual Production  Tax Rate  Tax
Local Sales and Use Tax

• Sales and Use Tax | Minnesota Department of Revenue (state.mn.us)
• Sales Tax
• Use Tax
• Local Option Sales Tax
  • Local Sales Tax Information | Minnesota Department of Revenue (state.mn.us)
  • Starting a Local Sales Tax | Minnesota Department of Revenue (state.mn.us)
Review of Existing Programs and Recommendations

- Local Government Aid (LGA) to cities
- County Program Aid (CPA) to counties
- Transition Aid
  - Replace Utility Value Transition Aid?
  - Proposed Transition Aid
- Grant Program(s)
- Be proactive
- Consider other funding sources
Thank you!

Jon Van Nurden
Jon.Van.Nurden@state.mn.us