

S.F. No. 3641 – Electric generation transition aid establishment (as proposed to be amended by A-5 amendment)

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Overview

S.F. 3641 proposes a transition aid program for local governments for which the tax base is reduced because of the retirement of one or more electric generating units at an electric generating plant owned by a public utility.

Summary

Subdivision 1. Definitions. Provides definitions of “electric generation property,” “electric generating unit,” “eligible taxing jurisdiction,” “unit base year,” and “unit differential”.

Subdivision 2. Required notification. Requires a public utility to give notice to the commissioner of revenue when the utility expects to retire an electric generating unit and remove that unit from the property tax base. The notice must be filed together with the reports required under current law that the commissioner uses to establish valuations for utility property.

Subdivision 3. Unit transition amount. Provides a formula to calculate the aid attributable the retirement of a single electric generating unit. The initial transition amount is a function of the local jurisdiction’s tax rate and the reduction in the electric generation property tax base in the first year that the unit is no longer included in the tax base. Provides that the aid attributable to a unit phases out over a period of 20 years.

Subdivision 4. Electric generation transition aid. Provides that the transition aid for an eligible taxing jurisdiction equals the sum of the unit transition amounts calculated for the jurisdiction for that year.

Subdivision 5. Aid elimination. Requires that transition aid be eliminated for a taxing jurisdiction for which the taxable value is at least 90 percent of the taxable value in the year before the jurisdiction first qualified for transition aid, as adjusted for inflation. Exempts the retroactively eligible units under **subdivision 7** from the aid elimination criteria.

Subdivision 6. Commissioner's duties; payment schedule. Requires the commissioner to compute the aid amounts and certify the amounts to each jurisdiction by August 1 in the year preceding the aid payable year. Requires that the aid be paid on the same schedule as local government aid (two installments in July and December).

Subdivision 7. Aid for prior unit retirements. Makes certain previous electric generating unit retirements eligible to generate transition aid. Aid is calculated for prior unit retirements first impacting taxable values in assessment years 2017 through 2021.

Subdivision 8. Appropriation. Establishes an open statutory general fund appropriation to pay the transition aid.

Effective dates. All provisions are effective for aids payable in 2023 and later.