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Senate

State of Minnesota

S.F. No. 3642 – Establishing a nuclear decommissioning reserve fund as a tax-exempt entity

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Under federal law, nuclear power plant owners are required to dismantle plants and safely dispose of fuels when the useful life of the plant has expired. Plant owners must demonstrate availability of sufficient financial resources for decommissioning costs. Establishing a nuclear decommissioning reserve fund (“fund”) is one way to meet this requirement. Owners must make an election under the Internal Revenue Code to establish a fund for contributions for future decommissioning costs and the fund is allowed certain deductions and exclusions for federal tax purposes.

This bill adds a Nuclear Decommissioning Reserve Fund to the list of entities exempt from Minnesota income tax. Other exempt entities include insurance companies and businesses and individuals engaged in mining or iron ore production, as those entities are subject to the insurance premiums tax and the occupation tax, respectively.

Effective beginning in tax year 2022.