

March 16, 2022

*Revised to Correct Fiscal Year Allocation*

	<b>Yes</b>	<b>No</b>
DOR Administrative Costs/Savings		X

Department of Revenue  
Analysis of H.F. 3817 (Haley) / S.F. 3642 (Pratt)

	<b>Fund Impact</b>			
	<u>F.Y. 2022</u>	<u>F.Y. 2023</u>	<u>F.Y. 2024</u>	<u>F.Y. 2025</u>
			(000's)	
General Fund	\$0	(\$5,400)	(\$4,100)	(\$4,100)

Effective beginning in tax year 2022.

**EXPLANATION OF THE BILL**

**Current Law:** Utilities that operate nuclear power plants are required to set up decommissioning funds, which will be used to dismantle the plants when they wear out. When a nuclear power plant is dismantled, the prior years' contributions and the earnings on the contributions are used to pay for decommissioning. The earnings of decommissioning funds are subject to tax.

**Proposed Law:** Under the bill, the earnings of nuclear decommissioning funds would be exempt from taxation.

**REVENUE ANALYSIS DETAIL**

- The revenue loss is based on the average tax paid by nuclear decommissioning funds during tax years 2009-2012 from public court filings and other information.
- Due to a retroactive effective date, all of the tax year 2022 revenue loss is allocated to FY 2023. Tax year revenue losses from other tax years are allocated 30/70 to fiscal years.

Minnesota Department of Revenue  
Tax Research Division  
<https://www.revenue.state.mn.us/revenue-analyses>