



**Commissioner
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Chair Ann Rest
Senate Taxes Committee
Capitol Room 328
St. Paul, MN 55155

RE: Concerns with Senate File 369

Chair Rest and members of the Senate Taxes Committee:

On behalf of the Wright County Board of Commissioners, this letter is submitted to express concern and opposition to Senate File 369, which would exempt energy storage systems from personal property taxation. Wright County is home to Xcel Energy's Monticello Nuclear Generating Station. We have firsthand experience with the impact that hosting large utility assets can have on a local government and its residents—including the massive shifts in property tax burden that can impact residential property taxpayers because of exemptions or fluctuations in utility property valuations.

Providing this exemption does not mean that local governments will not be relied upon to provide the infrastructure and services to support the property these systems occupy. It just means that someone other than the utility will pay for those local government services and the opportunity cost of forgoing other development of that same land.

Across the state, residential property taxpayers have seen an increased burden as a result of rapidly increasing home values. An exemption like the one provided in Senate File 369 risks deepening the burden that residential taxpayers carry.

The County acknowledges that few energy storage systems currently exist in Minnesota, but this technology is expected to rapidly advance over the next decade—with or without this exemption—and will soon be a significant factor in Minnesota's power grid. Exempting this technology now seems both premature and short-sighted.

The County also acknowledges that the aim of this bill may be to provide savings that can be passed along to electric ratepayers. But if the legislature chooses to adopt this exemption, it should only do so knowing that it is making a choice to subsidize the electric rates of many by increasing the property tax burden of a few.

Finally, we know and appreciate that this committee will also be looking at items that are designed to reduce the property tax burden on Minnesotans—such as proposals to increase County Program Aid or enhance the Homestead Market Value Exclusion. We support these proposals and urge you to adopt them. However, we also urge you to recognize that Senate File 369 is out of step with the goal of those proposals.

Sincerely,

Darek Vetsch
Wright County Board Chair