

S.F. No. 1172 – Electric generation transition aid (as proposed to be amended by the A-1 amendment)

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Date: March 22, 2023

S.F. 1172 proposes a transition aid program for local governments for which the local 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.

Section 1. Payment; school districts. Requires that electric generation transition aid for a school district be certified to the Department of Education and paid on a schedule consistent with other school aids.

Section 2. Electric generation transition aid.

Subdivision 1. Definitions. Provides definitions of “electric generating unit,” “electric generation property,” “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 retired 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 the general inflationary increase in property values. Exempts the units retroactively eligible 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 or other school district aids, as applicable.

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 2022.

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 2024 and later.