



Date: 1/16/2025

To: Senate Taxes Committee

From: Property Tax Division, Department of Revenue

RE: Idea for a Gross Operating Revenues Tax

The department is exploring options to remove utility, pipeline, and railroad operating property from property tax and replace it with a gross operating revenues tax.

Utility, pipeline, and railroad companies would be subject to the tax, which would be determined by multiplying three factors together:

- A company's gross operating revenues
- Allocation factor
- Rate

The allocation factor is necessary to assign a portion of a company's revenues to Minnesota when a company's operation extend beyond Minnesota.

The tax would be distributed to each unique taxing area and further distributed to each taxing jurisdiction within that area.

A company that pays solar or wind energy production taxes would have its gross operating revenues tax reduced by the amount of solar or wind energy production taxes. Electric cooperatives that pay a per member tax would have their tax reduced by a factor calculated as the cooperative's property outside of city limits divided by its total operating property in Minnesota.

Objectives

- Create an easy-to-understand tax that replaces the property tax on these properties.
- Provide predictability and stability.
- Remove discretionary factors from the market valuation process currently used, thereby reducing appeals and litigation.

Learn More

Visit the [Idea for a Gross Operating Revenues webpage](#) to learn more.

