

Subject Depreciation calculation of utility property

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Summary

Changes the calculation of depreciation under Minnesota Rules, chapter 8100 for wind and solar energy conversion systems placed into service or repowered after December 31, 2019. Under this provision, the depreciation would be calculated using actual depreciation according to the utility company's records. The bill also requires the commissioner of revenue to use the good cause exemption to incorporate this change into Minnesota Rules, chapter 8100.

Background: Minnesota Rules, chapter 8100 sets the procedure for applying property taxes to utility property. The rule has a procedure for removing exempt property from a utility company's overall unit value that is assigned to Minnesota for property tax purposes. Under this procedure, a single calculation is performed that applies an average value of depreciation to all exempt property owned by the utility company in the state (because wind and solar energy conversion systems are subject to the production tax, they are exempt from property taxes). H.F. 1843 would use the actual value of depreciation on the utility company's books for wind and solar energy conversion systems, rather than applying the average measure of depreciation that is applied to all other exempt property.