



**It's Better
in Becker**

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February 6, 2023



Administration

Via: Email

Chair David Lislegard, Chair
House Property Tax Division
451 State Office Building
St. Paul, MN 55155



Community
Center

RE: City of Becker comments: House File 178 – Energy Storage tax exemption



Community
Development

Chair Lislegard and Members of the House Property Tax Division Committee,

The City of Becker is concerned about the provisions of House File 178 that would exempt energy storage systems from personal property tax. As home to the Sherburne County Generating plant, scheduled for decommissioning in phases over the next seven years, we are keenly aware of the impact of the loss of tax base, and exempting potential future tax base is alarming.



Finance

Xcel Energy has been open in communicating about the transition from Coal to renewable sources, and the critical part energy storage will play in that transition - with some of the technology yet to be developed. Recently Xcel announced a partnership with a company to site a new energy storage facility at Becker, and the City understands that these facilities will likely be located close to solar or wind fields. Becker understands these steps are necessary to reach the State's goal of producing 100 percent carbon free energy. But there are a couple of main concerns the city has with H.F. 178:



Parks and
Recreation

- Exempting these facilities entirely from the personal property tax, as H.F. 178 proposes to do, is in direct conflict with the State's commitment to assisting the city in replacing lost tax revenue due to the plant closing. The State has created the Energy Transition Office to assist communities impacted by closures of coal-fired power plants, and Becker has been working closely with that office to help mitigate closure impacts.



Pebble Creek
Golf Club

- Second, in order to encourage replacement of the lost tax base, the State provided Becker a bonding appropriation to install public utilities throughout the 1,200 acres currently owned by Xcel, that is now available for industrial development due to the plant closing. Exempting development that is likely to occur in this area, and on an unknown scale, could, at best hamper, and at worse, destroy the city's ability to replace lost tax base. Because energy storage is going to be necessary to make the transition to carbon-free generation, it is unlikely that it would be necessary to exempt these projects from taxation in order to make them happen. And if such a subsidy is needed, it would be prudent to make that determination in the future, when these projects are occurring, rather than a blanket exemption now.



Police
Department

We thank the Committee for their consideration and urge the members to not exempt future energy storage projects from the personal property tax provisions of state law not only knowing the negative impact to local economic development efforts, but also doing so without examining future unanticipated impacts of this action on a technology that is in its infancy.

Regards,

Greg Lerud
Becker City Administrator



Public Works