HOUSE RESEARCH

Bill Summary

FILE NUMBER: H.F. 79 **DATE:** February 3, 2009
Version: As introduced

Authors: Brown and others

Subject: Wind Energy Conversion Systems Production Tax; School Proceeds

Analyst: Tim Strom

This publication can be made available in alternative formats upon request. Please call 651-296-6753 (voice); or the Minnesota State Relay Service at 1-800-627-3529 (TTY) for assistance. Summaries are also available on our website at: www.house.mn/hrd.

Overview

Minnesota Statutes, section 272.029, establishes a production tax for wind energy systems that provides revenues for the county, school district, and the city or town where the facilities are located, in lieu of property taxes on the facility. By statute, the school district share of the wind energy payment is 6 percent of the annual production tax.
In 2007, the Department of Education proposed, and the legislature adopted, changes in the way wind energy payments were handled as a part of the omnibus school finance bill (see Laws 2007, chapter 146, article 1, sections 12 and 20). The wind energy payments to schools were changed from additional revenue to school districts to an offset to the district's other state aid through the county apportionment process.
This bill reverses the 2007 changes and restores wind energy payments as revenue to school districts. As of February 2009, it is estimated that wind energy payments to school districts will total about $160,000 for FY 2011 and $177,000 for FY 2012.

Section

1 **County apportionment deduction.** Removes school district's wind energy production tax proceeds from the list of revenues that are subtracted from general education aid through the county apportionment formula effective for fiscal year 2010. This change has the effect of restoring wind energy payments to school districts as additional revenue.