

**Subject** Electric generation transition aid

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## Overview

Establishes an electric generation transition aid for counties, cities, townships, and school districts that lose tax base when an electric generation plant is retired. The initial aid amount is equal to the tax base lost due to the retirement, times the jurisdiction's tax rate in the year prior to the tax base loss. The aid is phased out over 20 years. The aid would be eliminated earlier than that if the jurisdiction recovers a sufficient amount of tax base.

**Effective date:** This bill is effective for aids payable in 2024 and thereafter.

## Summary

Section	Description
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1	<b>Payment; school districts.</b>
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Requires the electric generation transition aid in section two to be paid to school districts at the same time as other property tax related reimbursements.

2	<b>Electric generation transition aid.</b>
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**Subd. 1. Definitions.** Defines terms for the section.

**Subd. 2. Required notification.** Requires a public utility to notify the commissioner of revenue when the utility expects to retire an electric generating plant powered by coal, nuclear, or natural gas.

**Subd. 3. Unit transition amount.** Defines a jurisdiction's unit transition amount as the product of (1) the tax base lost in the jurisdiction due to the retirement of an electric generation plant; times (2) the jurisdiction's tax rate in the taxes payable year in which the assessed value of electric generation property is reduced due to the retirement of an electric generation plant. For jurisdictions with multiple electric generation plants, a separate unit transition amount is calculated for each plant. The unit transition amount is annually reduced by five percent of the initial amount.

**Section** **Description**

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Prior to the value of the electric generation plant being reduced, the tax capacity of the plant must be at least four percent of the total net tax capacity within a jurisdiction, in order for the jurisdiction to qualify for aid. Except that, for jurisdictions with multiple plants, this restriction only applies to the first plant retirement.

**Subd. 4. Electric generation transition aid.** Sets the aid amount for an eligible jurisdiction to the sum of the unit transition amounts for that jurisdiction.

**Subd. 5. Aid elimination.** A jurisdiction's aid is eliminated if the total net tax capacity in the jurisdiction exceeds the product of (1) 90 percent of the total net tax capacity prior to the closure of the electric generation plant, times (2) the percentage change in statewide net tax capacity since that time.

**Subd. 6. Commissioner's duties; payment schedule.** Requires the commissioner of revenue to compute and certify aid payments under this section. The commissioner of revenue would make payments to all eligible non-school district jurisdictions. The commissioner of education would make payments to all eligible school districts.

**Subd. 7. Aid for prior unit retirements.** Allows jurisdictions to receive aid for electric generation plant retirements that occurred after 2016 but before 2023.

**Subd. 8. Appropriation.** Appropriates an annual amount from the general fund sufficient to make payments under this section. Payments to school districts are appropriated to the commissioner of education. All other payments are appropriated to the commissioner of revenue.



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