

1.1 Senator moves to amend S.F. No. 1636 as follows:

1.2 Delete everything after the enacting clause and insert:

1.3 "Section 1. Minnesota Statutes 2014, section 126C.21, subdivision 3, is amended to
1.4 read:

1.5 Subd. 3. **County apportionment deduction.** Each year the amount of money
1.6 apportioned to a district for that year pursuant to ~~sections~~ section 127A.34, subdivision 2,
1.7 ~~and 272.029, subdivision 6~~, must be deducted from the general education aid earned by
1.8 that district for the same year or from aid earned from other state sources.

1.9 **EFFECTIVE DATE.** This section is effective beginning with assessment year
1.10 2015 and thereafter.

1.11 Sec. 2. Minnesota Statutes 2014, section 216B.16, subdivision 6d, is amended to read:

1.12 Subd. 6d. **Wind energy; property tax.** An owner of a wind energy conversion
1.13 facility which is required to pay property taxes under section 272.02, subdivision 22, or
1.14 ~~production taxes under section 272.029~~ section 273.129, and any related or successor
1.15 provisions, or a public utility regulated by the Public Utilities Commission which purchases
1.16 the wind-generated electricity may petition the commission to include in any power
1.17 purchase agreement between the owner of the facility and the public utility the amount of
1.18 property taxes and production taxes paid by the owner of the facility. The Public Utilities
1.19 Commission shall require the public utility to amend the power purchase agreement to
1.20 include the property taxes and production taxes paid by the owner of the facility in the
1.21 price paid by the utility for wind-generated electricity if the commission finds:

1.22 (1) the owner of the facility has paid the property taxes or production taxes required
1.23 by this subdivision;

1.24 (2) the power purchase agreement between the public utility and the owner does
1.25 not already require the utility to pay the amount of property taxes or production taxes the
1.26 owner has paid under this subdivision or, in the case of a power purchase agreement
1.27 entered into prior to 1997, the amount of property or production taxes paid by the owner
1.28 in any year of the power purchase agreement exceeds the amount of such property or
1.29 production taxes included in the price paid by the utility to the owner, as reflected in
1.30 the owner's bid documents; and

1.31 (3) the commission has approved a rate schedule containing provisions for the
1.32 automatic adjustment of charges for utility service in direct relation to the charges ordered
1.33 by the commission under section 272.02, subdivision 22, or ~~272.029~~ 273.129.

2.1 **EFFECTIVE DATE.** This section is effective beginning with assessment year
2.2 2015 and thereafter.

2.3 Sec. 3. Minnesota Statutes 2014, section 216B.1621, subdivision 2, is amended to read:

2.4 Subd. 2. **Commission approval.** (a) The commission shall approve an agreement
2.5 under this section upon finding that:

2.6 ~~(1) the proposed electric service power generation facility could reasonably be~~
2.7 ~~expected to qualify for a market value exclusion under section 272.0211;~~

2.8 ~~(2) (1) the public utility has a contractual option to purchase electric power from~~
2.9 ~~the proposed facility; and~~

2.10 ~~(3) (2) the public utility can use the output from the proposed facility to meet its~~
2.11 ~~future need for power as demonstrated in the most recent resource plan filed with and~~
2.12 ~~approved by the commission under section 216B.2422.~~

2.13 (b) Sections 216B.03, 216B.05, 216B.06, 216B.07, 216B.16, 216B.162, and
2.14 216B.23 do not apply to an agreement under this section.

2.15 **EFFECTIVE DATE.** This section is effective beginning with assessment year
2.16 2015 and thereafter.

2.17 Sec. 4. Minnesota Statutes 2014, section 216B.164, subdivision 2a, is amended to read:

2.18 Subd. 2a. **Definitions.** (a) For the purposes of this section, the following terms
2.19 have the meanings given them.

2.20 (b) "Aggregated meter" means a meter located on the premises of a customer's
2.21 owned or leased property that is contiguous with property containing the customer's
2.22 designated meter.

2.23 (c) "Capacity" means the number of megawatts alternating current (AC) at the point
2.24 of interconnection between a distributed generation facility and a utility's electric system.

2.25 (d) "Cogeneration" means a combined process whereby electrical and useful thermal
2.26 energy are produced simultaneously.

2.27 (e) "Contiguous property" means property owned or leased by the customer sharing
2.28 a common border, without regard to interruptions in contiguity caused by easements,
2.29 public thoroughfares, transportation rights-of-way, or utility rights-of-way.

2.30 (f) "Customer" means the person who is named on the utility electric bill for the
2.31 premises.

2.32 (g) "Designated meter" means a meter that is physically attached to the customer's
2.33 facility that the customer-generator designates as the first meter to which net metered

3.1 credits are to be applied as the primary meter for billing purposes when the customer is
3.2 serviced by more than one meter.

3.3 (h) "Distributed generation" means a facility that:

3.4 (1) has a capacity of ten megawatts or less;

3.5 (2) is interconnected with a utility's distribution system, over which the commission
3.6 has jurisdiction; and

3.7 (3) generates electricity from natural gas, renewable fuel, or a similarly clean fuel,
3.8 and may include waste heat, cogeneration, or fuel cell technology.

3.9 (i) "High-efficiency distributed generation" means a distributed energy facility that
3.10 has a minimum efficiency of 40 percent, as calculated under Minnesota Statutes 2014,
3.11 section 272.0211, subdivision 1.

3.12 (j) "Net metered facility" means an electric generation facility constructed for the
3.13 purpose of offsetting energy use through the use of renewable energy or high-efficiency
3.14 distributed generation sources.

3.15 (k) "Renewable energy" has the meaning given in section 216B.2411, subdivision 2.

3.16 (l) "Standby charge" means a charge imposed by an electric utility upon a distributed
3.17 generation facility for the recovery of costs for the provision of standby services, as
3.18 provided for in a utility's tariffs approved by the commission, necessary to make electricity
3.19 service available to the distributed generation facility.

3.20 **EFFECTIVE DATE.** This section is effective beginning with assessment year
3.21 2015 and thereafter.

3.22 Sec. 5. Minnesota Statutes 2014, section 216B.2424, subdivision 5, is amended to read:

3.23 Subd. 5. **Mandate.** (a) A public utility, as defined in section 216B.02, subdivision 4,
3.24 that operates a nuclear-powered electric generating plant within this state must construct
3.25 and operate, purchase, or contract to construct and operate (1) by December 31, 1998,
3.26 50 megawatts of electric energy installed capacity generated by farm-grown closed-loop
3.27 biomass scheduled to be operational by December 31, 2001; and (2) by December 31,
3.28 1998, an additional 75 megawatts of installed capacity so generated scheduled to be
3.29 operational by December 31, 2002.

3.30 (b) Of the 125 megawatts of biomass electricity installed capacity required under
3.31 this subdivision, no more than 55 megawatts of this capacity may be provided by a facility
3.32 that uses poultry litter as its primary fuel source and any such facility:

3.33 (1) need not use biomass that complies with the definition in subdivision 1;

3.34 (2) must enter into a contract with the public utility for such capacity, that has an
3.35 average purchase price per megawatt hour over the life of the contract that is equal to or

4.1 less than the average purchase price per megawatt hour over the life of the contract in
4.2 contracts approved by the Public Utilities Commission before April 1, 2000, to satisfy
4.3 the mandate of this section, and file that contract with the Public Utilities Commission
4.4 prior to September 1, 2000; and

4.5 (3) must schedule such capacity to be operational by December 31, 2002.

4.6 (c) Of the total 125 megawatts of biomass electric energy installed capacity required
4.7 under this section, no more than 75 megawatts may be provided by a single project.

4.8 (d) Of the 75 megawatts of biomass electric energy installed capacity required under
4.9 paragraph (a), clause (2), no more than 33 megawatts of this capacity may be provided by
4.10 a St. Paul district heating and cooling system cogeneration facility utilizing waste wood
4.11 as a primary fuel source. The St. Paul district heating and cooling system cogeneration
4.12 facility need not use biomass that complies with the definition in subdivision 1.

4.13 (e) The public utility must accept and consider on an equal basis with other biomass
4.14 proposals:

4.15 (1) a proposal to satisfy the requirements of this section that includes a project that
4.16 exceeds the megawatt capacity requirements of either paragraph (a), clause (1) or (2), and
4.17 that proposes to sell the excess capacity to the public utility or to other purchasers; and

4.18 (2) a proposal for a new facility to satisfy more than ten but not more than 20
4.19 megawatts of the electrical generation requirements by a small business-sponsored
4.20 independent power producer facility to be located within the northern quarter of the state,
4.21 which means the area located north of Constitutional Route No. 8 as described in section
4.22 161.114, subdivision 2, and that utilizes biomass residue wood, sawdust, bark, chipped
4.23 wood, or brush to generate electricity. A facility described in this clause is not required
4.24 to utilize biomass complying with the definition in subdivision 1, but must be under
4.25 construction by December 31, 2005.

4.26 (f) If a public utility files a contract with the commission for electric energy installed
4.27 capacity that uses poultry litter as its primary fuel source, the commission must do a
4.28 preliminary review of the contract to determine if it meets the purchase price criteria
4.29 provided in paragraph (b), clause (2). The commission shall perform its review and advise
4.30 the parties of its determination within 30 days of filing of such a contract by a public
4.31 utility. A public utility may submit by September 1, 2000, a revised contract to address the
4.32 commission's preliminary determination.

4.33 (g) The commission shall finally approve, modify, or disapprove no later than July
4.34 1, 2001, all contracts submitted by a public utility as of September 1, 2000, to meet the
4.35 mandate set forth in this subdivision.

5.1 (h) If a public utility subject to this section exercises an option to increase the
 5.2 generating capacity of a project in a contract approved by the commission prior to April
 5.3 25, 2000, to satisfy the mandate in this subdivision, the public utility must notify the
 5.4 commission by September 1, 2000, that it has exercised the option and include in the
 5.5 notice the amount of additional megawatts to be generated under the option exercised.
 5.6 Any review by the commission of the project after exercise of such an option shall be
 5.7 based on the same criteria used to review the existing contract.

5.8 ~~(i) A facility specified in this subdivision qualifies for exemption from property~~
 5.9 ~~taxation under section 272.02, subdivision 45.~~

5.10 **EFFECTIVE DATE.** This section is effective beginning with assessment year
 5.11 2015 and thereafter.

5.12 Sec. 6. Minnesota Statutes 2014, section 270C.01, subdivision 7, is amended to read:

5.13 Subd. 7. **Property tax laws.** "Property tax laws" means all laws and rules related to
 5.14 the administration of the tax on property referred to in section 272.01, subdivision 1, ~~and~~
 5.15 ~~all laws related to the administration of the tax on wind energy production imposed under~~
 5.16 ~~section 272.029, subdivision 1.~~

5.17 **EFFECTIVE DATE.** This section is effective beginning with assessment year
 5.18 2015 and thereafter.

5.19 Sec. 7. Minnesota Statutes 2014, section 272.02, subdivision 9, is amended to read:

5.20 Subd. 9. **Personal property; exceptions.** Except for the taxable personal property
 5.21 enumerated below, all personal property and the property described in section 272.03,
 5.22 subdivision 1, paragraphs (c) and (d), shall be exempt.

5.23 The following personal property shall be taxable:

5.24 (a) personal property which is part of an electric ~~generating~~, transmission; or
 5.25 distribution system or a pipeline system transporting or distributing water, gas, crude
 5.26 oil, or petroleum products or mains and pipes used in the distribution of steam or hot or
 5.27 chilled water for heating or cooling buildings and structures;

5.28 (b) railroad docks and wharves which are part of the operating property of a railroad
 5.29 company as defined in section 270.80;

5.30 (c) personal property defined in section 272.03, subdivision 2, clause (3);

5.31 (d) leasehold or other personal property interests which are taxed pursuant to section
 5.32 272.01, subdivision 2; 273.124, subdivision 7; or 273.19, subdivision 1; or any other law
 5.33 providing the property is taxable as if the lessee or user were the fee owner;

6.1 (e) manufactured homes and sectional structures, including storage sheds, decks,
6.2 and similar removable improvements constructed on the site of a manufactured home,
6.3 sectional structure, park trailer or travel trailer as provided in section 273.125, subdivision
6.4 8, paragraph (f); and

6.5 (f) flight property as defined in section 270.071.

6.6 **EFFECTIVE DATE.** This section is effective beginning with assessment year
6.7 2015 and thereafter.

6.8 Sec. 8. Minnesota Statutes 2014, section 272.02, subdivision 10, is amended to read:

6.9 Subd. 10. **Personal property used for pollution control.** Personal property used
6.10 primarily for the abatement and control of air, water, or land pollution is exempt to the
6.11 extent that it is so used, and real property is exempt if it is used primarily for abatement
6.12 and control of air, water, or land pollution as part of an agricultural operation, as a part
6.13 of a centralized treatment and recovery facility operating under a permit issued by the
6.14 Minnesota Pollution Control Agency pursuant to chapters 115 and 116 and Minnesota
6.15 Rules, parts 7001.0500 to 7001.0730, and 7045.0020 to 7045.1260, as a wastewater
6.16 treatment facility and for the treatment, recovery, and stabilization of metals, oils,
6.17 chemicals, water, sludges, or inorganic materials from hazardous industrial wastes, or as
6.18 part of an electric generation system. For purposes of this subdivision, personal property
6.19 includes ponderous machinery and equipment used in a business or production activity
6.20 that at common law is considered real property. The real or personal property of an
6.21 electric generation system is not eligible for an exemption under this section.

6.22 Any taxpayer requesting exemption of all or a portion of any real property or any
6.23 equipment or device, or part thereof, operated primarily for the control or abatement of
6.24 air, water, or land pollution shall file an application with the commissioner of revenue.
6.25 The commissioner shall develop an electronic means to notify interested parties when
6.26 electric power generation facilities have filed an application. The Minnesota Pollution
6.27 Control Agency shall upon request of the commissioner furnish information and advice to
6.28 the commissioner.

6.29 The information and advice furnished by the Minnesota Pollution Control
6.30 Agency must include statements as to whether the equipment, device, or real property
6.31 meets a standard, rule, criteria, guideline, policy, or order of the Minnesota Pollution
6.32 Control Agency, and whether the equipment, device, or real property is installed or
6.33 operated in accordance with it. On determining that property qualifies for exemption,
6.34 the commissioner shall issue an order exempting the property from taxation. The
6.35 commissioner shall develop an electronic means to notify interested parties when

7.1 the commissioner has issued an order exempting property from taxation under this
 7.2 subdivision. The equipment, device, or real property shall continue to be exempt from
 7.3 taxation as long as the order issued by the commissioner remains in effect.

7.4 **EFFECTIVE DATE.** This section is effective for assessment year 2015 and
 7.5 thereafter.

7.6 Sec. 9. Minnesota Statutes 2014, section 272.025, subdivision 1, is amended to read:

7.7 Subdivision 1. **Statement of exemption.** (a) Except in the case of property owned
 7.8 by the state of Minnesota or any political subdivision thereof, and property exempt from
 7.9 taxation under section 272.02, subdivisions 9, 10, 13, 15, 18, 20, and 22 to 25, and at
 7.10 the times provided in subdivision 3, a taxpayer claiming an exemption from taxation
 7.11 on property described in section 272.02, subdivisions 2 to 33, must file a statement of
 7.12 exemption with the assessor of the assessment district in which the property is located.

7.13 ~~(b) A taxpayer claiming an exemption from taxation on property described in section~~
 7.14 ~~272.02, subdivision 10, must file a statement of exemption with the commissioner of~~
 7.15 ~~revenue, on or before February 15 of each year for which the taxpayer claims an exemption.~~

7.16 ~~(e) (b)~~ In case of sickness, absence or other disability or for good cause, the assessor
 7.17 or the commissioner may extend the time for filing the statement of exemption for a
 7.18 period not to exceed 60 days.

7.19 ~~(d) (c)~~ The commissioner of revenue shall prescribe the form and contents of the
 7.20 statement of exemption.

7.21 **EFFECTIVE DATE.** This section is effective beginning with assessment year
 7.22 2015 and thereafter.

7.23 Sec. 10. **[273.129] ELECTRIC GENERATION MACHINERY; VALUATION.**

7.24 Subdivision 1. **Definitions.** (a) For purposes of this section, the following terms
 7.25 having the meanings given.

7.26 (b) "Biomass generating system" means any device used to produce energy by the
 7.27 direct combustion of carbon-based organisms.

7.28 (c) "Coal generating system" means any device whose primary purpose is the
 7.29 production of electricity derived by the direct combustion of coal to produce steam.

7.30 (d) "Electric generation machinery" means all personal property of an electric
 7.31 generation system used for the purpose of generating electricity.

7.32 (e) "Generation capacity" means the generation rate per megawatt as follows:

7.33 (1) \$0 for hydroelectric, wind, or solar generation systems;

8.1 (2) \$5,000 for machinery used to generate electricity from biomass, natural gas, or
8.2 nuclear fuel generation systems; and

8.3 (3) \$10,000 for machinery used to generate electricity from a coal or oil generation
8.4 system or any other fossil fuel.

8.5 (f) "Generation rate" means the rate per kilowatt hour as follows:

8.6 (1) \$.05 for hydroelectric, wind, or solar generation systems;

8.7 (2) \$.0525 for machinery used to generate electricity from biomass, natural gas, or
8.8 nuclear fuel generation systems; and

8.9 (3) \$.055 for machinery used to generate electricity from a coal or oil generation
8.10 system or any other fossil fuel.

8.11 (g) "Hydroelectric generating system" means any device whose primary purpose is
8.12 the production of electricity derived from flowing water.

8.13 (h) "Nameplate capacity" means the maximum rated output of a generator, prime
8.14 mover, or other electric power production equipment under specific conditions designated
8.15 by the manufacturer.

8.16 (i) "Natural gas generating system" means any device whose primary purpose is the
8.17 production of electricity derived from natural gas.

8.18 (j) "Nuclear fuel generating system" means any device whose primary purpose is
8.19 the production of electricity generated by the use of the thermal energy released from the
8.20 fission of nuclear fuel in a reactor.

8.21 (k) "Oil generating system" means any device whose primary purpose is the
8.22 production of electricity derived by direct combustion of oil to produce steam.

8.23 (l) "Primary fuel source" means the fuel source that is dominantly used by a facility
8.24 in the production of electricity.

8.25 (m) "Solar energy generating system" means a set of devices whose primary purpose
8.26 is the production of electricity by means of any combination of collecting, transferring, or
8.27 converting solar generated energy.

8.28 (n) "Spent fuel" means fuel that has been irradiated in a nuclear reactor to the point
8.29 where it is no longer useful in sustaining a nuclear reaction.

8.30 (o) "Spent fuel tax base" means \$150,000,000 per facility plus \$100,000 per ton of
8.31 spent fuel of a nuclear generating facility.

8.32 (p) "Wind energy conversion system" means any device, such as a wind charger,
8.33 windmill, or wind turbine that converts wind energy to a form of usable energy, and also
8.34 includes a substation that is used and owned by one or more wind energy conversion
8.35 systems.

9.1 Subd. 1a. **Rates; adjustment.** The generation and capacity rates as provided in
9.2 subdivision 1, paragraphs (e) and (f), shall be increased annually by an amount equal to
9.3 the percentage change in the retail price of electricity for all sectors in Minnesota from
9.4 January 1 of the prior year as compared to January 1 of the current year as reported by
9.5 the U.S. Energy Information Administration. The rate as determined under this section
9.6 shall be the rate used to determine the amount of tax due for each generation system for
9.7 the following year.

9.8 Subd. 2. **Electric generation tax base.** (a) The commissioner shall annually
9.9 calculate the electric generation tax base under this section. An electric generating system
9.10 with a capacity of one megawatt or less is exempt from the tax imposed under this section.
9.11 The commissioner shall calculate the electric generation tax base using the applicable
9.12 capacity and generation rate based on the electric generation system's primary fuel source.

9.13 (b) The electric generation tax base of property described in subdivision 1 is equal
9.14 to the sum of: (1) its nameplate capacity multiplied by its generation capacity rate; (2)
9.15 the average of its electric energy production as reported to the commissioner of revenue
9.16 for the immediately preceding five years, multiplied by its generation rate; and (3) its
9.17 spent fuel tax base. For electric generating systems that have been operational for less
9.18 than the immediately preceding five years, the average of its electric energy production
9.19 shall be the average of its electric energy production for the time period since the facility
9.20 commenced operation.

9.21 (c) For purposes of a levy based on market value, the electric generation tax base
9.22 shall become part of the jurisdiction's market value tax base. For all levies based on net
9.23 tax capacity, the electric generation tax base multiplied by two percent shall be added
9.24 to the jurisdiction's net tax capacity base.

9.25 Subd. 3. **Wind and solar energy generating systems; size.** (a) For wind energy
9.26 conversion systems installed and contracted for after January 1, 2002, the total size of
9.27 the system shall be determined according to this paragraph. Unless the systems are
9.28 interconnected with different distribution systems, the nameplate capacity of one wind
9.29 energy conversion system shall be combined with the nameplate capacity of any other
9.30 wind energy conversion system that is:

9.31 (1) located within five miles of the wind energy conversion system;

9.32 (2) constructed within the same 12-month period as the wind energy conversion
9.33 system; and

9.34 (3) under common ownership.

9.35 (b) The total size of a solar energy generating system shall be determined according
9.36 to this paragraph. Unless the systems are interconnected with different distribution

10.1 systems, the nameplate capacity of a solar energy generating system shall be combined
10.2 with the nameplate capacity of any other solar energy generating system that:

10.3 (1) is constructed within the same 12-month period as the solar energy generating
10.4 system; and

10.5 (2) exhibits characteristics of being a single development, including but not
10.6 limited to ownership structure, an umbrella sales arrangement, shared interconnection,
10.7 revenue-sharing arrangements, and common debt or equity financing.

10.8 (c) In the case of a dispute of the size of a wind or solar generating system, the
10.9 commissioner of commerce shall determine the total size of the system and shall draw all
10.10 reasonable inferences in favor of combining the systems. The commissioner of commerce
10.11 may determine that two wind energy conversion systems or two solar energy generating
10.12 systems are under common ownership when the underlying ownership structure contains
10.13 similar persons or entities even if the ownership shares differ between the two systems.
10.14 Wind energy conversion systems or solar energy generating systems are not under
10.15 common ownership solely because the same person or entity provided equity financing
10.16 for the systems.

10.17 Subd. 4. **Generating systems; reports.** An owner of an electric generating system
10.18 subject to taxation under this section shall file a report with the commissioner of revenue
10.19 annually on or before February 1 detailing the amount of electricity that was produced by
10.20 each generator in the previous calendar year as reported to the U.S. Energy Information
10.21 Administration. The commissioner shall prescribe the form of the report. The report must
10.22 contain the information required by the commissioner to determine the tax due under this
10.23 section for the current year. If an owner of an electric generating system subject to taxation
10.24 under this section fails to file the report by the due date, the commissioner of revenue
10.25 shall determine the tax based upon the nameplate capacity of the system multiplied by a
10.26 capacity factor of 100 percent.

10.27 **EFFECTIVE DATE.** This section is effective for assessment year 2015.

10.28 Sec. 11. Minnesota Statutes 2014, section 273.13, subdivision 24, is amended to read:

10.29 Subd. 24. **Class 3.** Commercial and industrial property and utility real and personal
10.30 property is class 3a.

10.31 (1) Except as otherwise provided, each parcel of commercial, industrial, or utility
10.32 real property has a classification rate of 1.5 percent of the first tier of market value, and 2.0
10.33 percent of the remaining market value. In the case of contiguous parcels of property owned
10.34 by the same person or entity, only the value equal to the first-tier value of the contiguous
10.35 parcels qualifies for the reduced classification rate, except that contiguous parcels owned

11.1 by the same person or entity shall be eligible for the first-tier value classification rate on
 11.2 each separate business operated by the owner of the property, provided the business is
 11.3 housed in a separate structure. For the purposes of this subdivision, the first tier means the
 11.4 first \$150,000 of market value. Real property owned in fee by a utility for transmission
 11.5 line right-of-way shall be classified at the classification rate for the higher tier.

11.6 For purposes of this subdivision, parcels are considered to be contiguous even if
 11.7 they are separated from each other by a road, street, waterway, or other similar intervening
 11.8 type of property. Connections between parcels that consist of power lines or pipelines do
 11.9 not cause the parcels to be contiguous. Property owners who have contiguous parcels of
 11.10 property that constitute separate businesses that may qualify for the first-tier classification
 11.11 rate shall notify the assessor by July 1, for treatment beginning in the following taxes
 11.12 payable year.

11.13 (2) All personal property that is: (i) part of an electric ~~generation~~, transmission, or
 11.14 distribution system; or (ii) part of a pipeline system transporting or distributing water, gas,
 11.15 crude oil, or petroleum products; and (iii) not described in clause (3), and all railroad
 11.16 operating property has a classification rate as provided under clause (1) for the first tier
 11.17 of market value and the remaining market value. In the case of multiple parcels in one
 11.18 county that are owned by one person or entity, only one first tier amount is eligible for the
 11.19 reduced rate.

11.20 (3) The entire market value of personal property that is: (i) tools, and implements,
 11.21 ~~and machinery~~ of an electric generation, transmission, or distribution system; (ii) tools,
 11.22 implements, and machinery of a pipeline system transporting or distributing water, gas,
 11.23 crude oil, or petroleum products; or (iii) the mains and pipes used in the distribution of
 11.24 steam or hot or chilled water for heating or cooling buildings, has a classification rate as
 11.25 provided under clause (1) for the remaining market value in excess of the first tier.

11.26 **EFFECTIVE DATE.** This section is effective beginning with assessment year 2015.

11.27 Sec. 12. Minnesota Statutes 2014, section 275.70, subdivision 6, is amended to read:

11.28 Subd. 6. **Levy aid base.** "Levy aid base" for a local governmental unit for a levy
 11.29 year means its total levy spread on net tax capacity, minus any amounts that would
 11.30 qualify as a special levy under this section, plus the sum of (1) the total amount of aids
 11.31 and reimbursements that the local governmental unit is certified to receive under sections
 11.32 477A.011 to 477A.014 in the same year, and (2) taconite aids under sections 298.28
 11.33 and 298.282 in the same year, including any aid which was required to be placed in a
 11.34 special fund for expenditure in the next succeeding year, ~~and (3) payments to the local~~

12.1 ~~governmental unit under section 272.029 in the same year, adjusted for any error in~~
 12.2 ~~estimation in the preceding year.~~

12.3 **EFFECTIVE DATE.** This section is effective beginning with assessment year
 12.4 2015 and thereafter.

12.5 Sec. 13. Minnesota Statutes 2014, section 275.71, subdivision 5, is amended to read:

12.6 Subd. 5. **Property tax levy limit.** (a) For taxes levied in 2008 through 2010, the
 12.7 property tax levy limit for a local governmental unit is equal to its adjusted levy limit
 12.8 base determined under subdivision 4 plus any additional levy authorized under section
 12.9 275.73, which is levied against net tax capacity, reduced by the sum of (i) the total amount
 12.10 of aids and reimbursements that the local governmental unit is certified to receive under
 12.11 sections 477A.011 to 477A.014, (ii) taconite aids under sections 298.28 and 298.282
 12.12 including any aid which was required to be placed in a special fund for expenditure in the
 12.13 next succeeding year, and (iii) ~~estimated payments to the local governmental unit under~~
 12.14 ~~section 272.029, adjusted for any error in estimation in the preceding year, and (iv) aids~~
 12.15 under section 477A.16.

12.16 (b) If an aid, payment, or other amount used in paragraph (a) to reduce a local
 12.17 government unit's levy limit is reduced by an unallotment under section 16A.152, the
 12.18 amount of the aid, payment, or other amount prior to the unallotment is used in the
 12.19 computations in paragraph (a). In order for a local government unit to levy outside of its
 12.20 limit to offset the reduction in revenues attributable to an unallotment, it must do so under,
 12.21 and to the extent authorized by, a special levy authorization.

12.22 **EFFECTIVE DATE.** This section is effective beginning with assessment year
 12.23 2015 and thereafter.

12.24 Sec. 14. Minnesota Statutes 2014, section 469.315, is amended to read:

12.25 **469.315 TAX INCENTIVES AVAILABLE IN ZONES.**

12.26 Qualified businesses that operate in a job opportunity building zone, individuals who
 12.27 invest in a qualified business that operates in a job opportunity building zone, and property
 12.28 located in a job opportunity building zone qualify for:

- 12.29 (1) exemption from individual income taxes as provided under section 469.316;
 12.30 (2) exemption from corporate franchise taxes as provided under section 469.317;
 12.31 (3) exemption from the state sales and use tax and any local sales and use taxes on
 12.32 qualifying purchases as provided in section 297A.68, subdivision 37;

13.1 (4) exemption from the state sales tax on motor vehicles and any local sales tax on
13.2 motor vehicles as provided under section 297B.03;

13.3 (5) exemption from the property tax as provided in section 272.02, subdivision
13.4 64; and

13.5 ~~(6) exemption from the wind energy production tax under section 272.029,~~
13.6 ~~subdivision 7; and~~

13.7 ~~(7)~~ (6) the jobs credit allowed under section 469.318, except that a qualified business
13.8 located in a create automotive recovery zone is not eligible for the credit under section
13.9 469.318 but is eligible for the credit under section 469.3181.

13.10 **EFFECTIVE DATE.** This section is effective beginning with assessment year
13.11 2015 and thereafter.

13.12 Sec. 15. **[477A.21] ELECTRIC GENERATION PROPERTY TRANSITION AID.**

13.13 **Subdivision 1. Definitions.** For the purposes of this section, "local unit" means a
13.14 home rule charter or statutory city, county, school district, or a town.

13.15 **Subd. 2. Aid eligibility; payment.** For aids payable in 2016 and thereafter,
13.16 transition aid under this section for an eligible local unit equals: (1) the net tax capacity of
13.17 all personal property of all electric generating systems as determined for assessment year
13.18 2015 multiplied by the 2015 local tax rate; plus (2) the amount, if any, received in 2015
13.19 from the wind energy production tax and the solar energy production tax; minus (3) the
13.20 net tax capacity in the current year of all electric generating systems as determined under
13.21 section 273.129, multiplied by the current local tax rate. Aid to a local unit shall cease
13.22 beginning in the year following the year in which the aid equals zero. Once a local unit
13.23 becomes ineligible for aid under this section, it may not subsequently become eligible.

13.24 The commissioner of revenue shall compute the amount of transition aid payable to
13.25 each local unit under this section. On or before August 1 of each year, the commissioner
13.26 shall certify the amount of transition aid computed for aids payable in the current year
13.27 for each recipient local unit. The commissioner shall pay transition aid to local units
13.28 annually at the time provided for the second installment of local government aid under
13.29 section 477A.015.

13.30 The commissioner of revenue may require counties to provide any data that the
13.31 commissioner deems necessary to administer this section.

13.32 **Subd. 3. Appropriation.** An amount sufficient to pay transition aid under this
13.33 section is annually appropriated to the commissioner of revenue from the general fund.

13.34 **EFFECTIVE DATE.** This section is effective beginning with aids payable in 2016.

14.1 Sec. 16. **REPEALER.**

14.2 Minnesota Statutes 2014, sections 272.02, subdivisions 24, 29, 33, 44, 45, 47, 52,
14.3 54, 55, 56, 68, 69, 70, 71, 84, 89, 92, 93, 96, and 99; 272.0211; 272.029; and 272.0295,
14.4 are repealed.

14.5 **EFFECTIVE DATE.** This section is effective beginning with assessment year
14.6 2016 and thereafter."

14.7 Amend the title accordingly