

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 216B.1621, subdivision 2, is amended to  
1.4 read:

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

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

1.9 ~~(2)~~ (1) the public utility has a contractual option to purchase electric power from  
1.10 the proposed facility; and

1.11 ~~(3)~~ (2) the public utility can use the output from the proposed facility to meet its  
1.12 future need for power as demonstrated in the most recent resource plan filed with and  
1.13 approved by the commission under section 216B.2422.

1.14 (b) Sections 216B.03, 216B.05, 216B.06, 216B.07, 216B.16, 216B.162, and  
1.15 216B.23 do not apply to an agreement under this section.

1.16 **EFFECTIVE DATE.** This section is effective beginning with assessment year  
1.17 2017 and thereafter.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

2.20 **EFFECTIVE DATE.** This section is effective beginning with assessment year  
2.21 2017 and thereafter.

2.22 Sec. 3. Minnesota Statutes 2014, section 216B.2424, subdivision 5, is amended to read:

2.23 Subd. 5. **Mandate.** (a) A public utility, as defined in section 216B.02, subdivision 4,  
2.24 that operates a nuclear-powered electric generating plant within this state must construct  
2.25 and operate, purchase, or contract to construct and operate (1) by December 31, 1998,  
2.26 50 megawatts of electric energy installed capacity generated by farm-grown closed-loop  
2.27 biomass scheduled to be operational by December 31, 2001; and (2) by December 31,  
2.28 1998, an additional 75 megawatts of installed capacity so generated scheduled to be  
2.29 operational by December 31, 2002.

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

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

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

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

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

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

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

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

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

3.18 (2) a proposal for a new facility to satisfy more than ten but not more than 20  
3.19 megawatts of the electrical generation requirements by a small business-sponsored  
3.20 independent power producer facility to be located within the northern quarter of the state,  
3.21 which means the area located north of Constitutional Route No. 8 as described in section  
3.22 161.114, subdivision 2, and that utilizes biomass residue wood, sawdust, bark, chipped  
3.23 wood, or brush to generate electricity. A facility described in this clause is not required  
3.24 to utilize biomass complying with the definition in subdivision 1, but must be under  
3.25 construction by December 31, 2005.

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

3.33 (g) The commission shall finally approve, modify, or disapprove no later than July  
3.34 1, 2001, all contracts submitted by a public utility as of September 1, 2000, to meet the  
3.35 mandate set forth in this subdivision.

4.1 (h) If a public utility subject to this section exercises an option to increase the  
 4.2 generating capacity of a project in a contract approved by the commission prior to April  
 4.3 25, 2000, to satisfy the mandate in this subdivision, the public utility must notify the  
 4.4 commission by September 1, 2000, that it has exercised the option and include in the  
 4.5 notice the amount of additional megawatts to be generated under the option exercised.  
 4.6 Any review by the commission of the project after exercise of such an option shall be  
 4.7 based on the same criteria used to review the existing contract.

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

4.10 **EFFECTIVE DATE.** This section is effective beginning with assessment year  
 4.11 2017 and thereafter.

4.12 Sec. 4. Minnesota Statutes 2014, section 272.02, subdivision 9, is amended to read:

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

4.16 The following personal property shall be taxable:

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

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

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

4.24 (d) leasehold or other personal property interests which are taxed pursuant to section  
 4.25 272.01, subdivision 2; 273.124, subdivision 7; or 273.19, subdivision 1; or any other law  
 4.26 providing the property is taxable as if the lessee or user were the fee owner;

4.27 (e) manufactured homes and sectional structures, including storage sheds, decks,  
 4.28 and similar removable improvements constructed on the site of a manufactured home,  
 4.29 sectional structure, park trailer or travel trailer as provided in section 273.125, subdivision  
 4.30 8, paragraph (f); and

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

4.32 **EFFECTIVE DATE.** This section is effective beginning with assessment year  
 4.33 2017 and thereafter.

5.1 Sec. 5. Minnesota Statutes 2014, section 272.02, subdivision 10, is amended to read:

5.2 Subd. 10. **Personal property used for pollution control.** Personal property used  
5.3 primarily for the abatement and control of air, water, or land pollution is exempt to the  
5.4 extent that it is so used, and real property is exempt if it is used primarily for abatement  
5.5 and control of air, water, or land pollution as part of an agricultural operation, as a part  
5.6 of a centralized treatment and recovery facility operating under a permit issued by the  
5.7 Minnesota Pollution Control Agency pursuant to chapters 115 and 116 and Minnesota  
5.8 Rules, parts 7001.0500 to 7001.0730, and 7045.0020 to 7045.1260, as a wastewater  
5.9 treatment facility and for the treatment, recovery, and stabilization of metals, oils,  
5.10 chemicals, water, sludges, or inorganic materials from hazardous industrial wastes, ~~or as~~  
5.11 ~~part of an electric generation system.~~ For purposes of this subdivision, personal property  
5.12 includes ponderous machinery and equipment used in a business or production activity  
5.13 that at common law is considered real property. The real or personal property of an  
5.14 electric generation, transmission, distribution, and substation system is not eligible for  
5.15 an exemption under this section.

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

5.23 The information and advice furnished by the Minnesota Pollution Control  
5.24 Agency must include statements as to whether the equipment, device, or real property  
5.25 meets a standard, rule, criteria, guideline, policy, or order of the Minnesota Pollution  
5.26 Control Agency, and whether the equipment, device, or real property is installed or  
5.27 operated in accordance with it. On determining that property qualifies for exemption,  
5.28 the commissioner shall issue an order exempting the property from taxation. The  
5.29 commissioner shall develop an electronic means to notify interested parties when  
5.30 the commissioner has issued an order exempting property from taxation under this  
5.31 subdivision. The equipment, device, or real property shall continue to be exempt from  
5.32 taxation as long as the order issued by the commissioner remains in effect.

5.33 **EFFECTIVE DATE.** This section is effective for assessment year 2017 and  
5.34 thereafter.

6.1       Sec. 6. [273.129] ELECTRIC GENERATION MACHINERY, TRANSMISSION,  
6.2 DISTRIBUTION, AND SUBSTATION; VALUATION.

6.3       Subdivision 1. Definitions. (a) For purposes of this section, the following terms  
6.4 having the meanings given.

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

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

6.9       (d) "Electric generation machinery" means all personal property of an electric  
6.10 generation system used for the purpose of generating electricity, excluding municipal  
6.11 utilities, solar energy generating systems, and wind energy conversion systems.

6.12       (e) "Electric transmission line" means an exterior or underground line that transmits  
6.13 high-voltage electricity with a capacity of at least 65 kilovolts or any electric line owned  
6.14 by a utility that only operates in wholesale sales. Electric transmission line does not mean  
6.15 any exterior or electric line owned or operated by a municipal utility.

6.16       (f) "Electric distribution line" means an exterior or underground line that transmits  
6.17 energy which operates at a voltage less than 65 kilovolts, excluding any line owned or  
6.18 operated by a municipal utility, or a rural electric distribution cooperative.

6.19       (g) "Electric substation" means an assembly of equipment in an electric power  
6.20 system through which electric energy is passed for transmission or transformation.

6.21       (h) "Electric transmission line rate" equals voltage, in kilovolts, multiplied by .....

6.22       (i) "Generation capacity rate" means the rate per kilowatt of nameplate capacity  
6.23 as follows:

6.24       (1) \$0 for hydroelectric generating systems;

6.25       (2) \$5 for machinery used to generate electricity from biomass, natural gas, or  
6.26 nuclear fuel generation systems; and

6.27       (3) \$10 for machinery used to generate electricity from a coal or oil generation  
6.28 system or any other fossil fuel.

6.29       (j) "Generation rate" means the rate per kilowatt hour as follows:

6.30       (1) \$0.05 for hydroelectric generating systems;

6.31       (2) \$0.0525 for machinery used to generate electricity from biomass, natural gas, or  
6.32 nuclear fuel generation systems; and

6.33       (3) \$0.055 for machinery used to generate electricity from a coal or oil generation  
6.34 system or any other fossil fuel.

6.35       (k) "Hydroelectric generating system" means any device whose primary purpose is  
6.36 the production of electricity derived from flowing water.

7.1 (l) "Nameplate capacity" means the maximum rated output of a generator, prime  
7.2 mover, or other electric power production equipment under specific conditions designated  
7.3 by the manufacturer.

7.4 (m) "Natural gas generating system" means any device whose primary purpose is the  
7.5 production of electricity derived from natural gas.

7.6 (n) "Nuclear fuel generating system" means any device whose primary purpose is  
7.7 the production of electricity generated by the use of the thermal energy released from the  
7.8 fission of nuclear fuel in a reactor.

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

7.11 (p) "Primary fuel source" means the fuel source that is dominantly used by a facility  
7.12 in the production of electricity.

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

7.15 (r) "Spent fuel tax base" means \$150,000,000 per facility plus \$100,000 per ton, or  
7.16 fraction thereof, of spent fuel stored at a nuclear generating facility, or at any other site  
7.17 elsewhere within the state. The value of spent fuel stored at a site other than at a nuclear  
7.18 generating facility shall be apportioned to the jurisdiction where the spent fuel is stored.

7.19 Subd. 1a. **Rates; adjustment.** The rates as provided in subdivision 1, paragraphs  
7.20 (h), (i), and (j), and the factors in subdivision 2, paragraphs (d) and (e), shall be increased  
7.21 annually by an amount equal to the percentage change, if any, in the gross domestic  
7.22 product for nonresidential investment for the current year as compared to the previous  
7.23 year, as reported on Table 1.1.1 by the United States Bureau of Economic Analysis. A rate  
7.24 change pursuant to this section shall be effective for the following taxes payable year.

7.25 Subd. 2. **Electric generation tax base.** (a) The commissioner shall annually  
7.26 calculate the electric generation tax base under this section. An electric generating system  
7.27 with a capacity of one megawatt or less as determined under subdivision 3 shall be  
7.28 exempt from the provisions of this section. The commissioner shall calculate the electric  
7.29 generation tax base of the facility using the applicable capacity and generation rates for  
7.30 each generator based on the electric generation system's primary fuel source.

7.31 (b) The electric generation tax base for property described in subdivision 1,  
7.32 paragraph (d), is equal to the sum of: (1) its nameplate capacity multiplied by its  
7.33 generation capacity rate; (2) the average of its electric energy production as reported to  
7.34 the commissioner of revenue for the immediately preceding five years, multiplied by its  
7.35 generation rate; and (3) its spent fuel tax base. For electric generators that have been  
7.36 operational for less than the immediately preceding five years, the average of its electric

8.1 energy production shall be the average of its electric energy production for the time period  
8.2 since the facility commenced operation.

8.3 (c) The electric transmission line tax base, for property described in subdivision 1,  
8.4 paragraph (e), is equal to the number of miles of electric transmission lines located within  
8.5 the taxing jurisdiction, multiplied by the electric transmission line rate.

8.6 (d) The electric substation tax base, for property described in subdivision 1,  
8.7 paragraph (g), is equal to the sum of the capacity of a substation, measured in mega  
8.8 volt ampere, multiplied by .....

8.9 (e) The electric distribution line tax base, for property described in subdivision 1,  
8.10 paragraph (f), is equal to the number of customers in the taxing jurisdiction that receives  
8.11 an electric distribution, multiplied by .....

8.12 Subd. 3. **Electric generating systems; size.** The total capacity of an electric  
8.13 generating system, pursuant to this section, shall be determined by combining all  
8.14 generators of each fuel type within each facility, based on the information reported to the  
8.15 commissioner of revenue as required under subdivision 4.

8.16 Subd. 4. **Generating systems; reports.** (a) An owner of an electric generating  
8.17 system, transmission and distribution lines, and electric substations, subject to taxation  
8.18 under this section must file a report with the commissioner of revenue annually on or  
8.19 before January 15 detailing, if applicable: (1) the amount of electricity produced by  
8.20 each generator in the previous calendar year as reported to the United States Energy  
8.21 Information Administration; (2) the location, length, and capacity of all transmission and  
8.22 distribution lines; and (3) the location and capacity of all electric substations, including  
8.23 individual transformers. The commissioner shall prescribe the form of the report and the  
8.24 report must contain the information required by the commissioner to determine the tax  
8.25 base under this section. The commissioner may, for good cause, extend the time for filing  
8.26 the report as required under this section. The extension may not exceed 15 days.

8.27 (b) If an owner of an electric generating system fails to file the report by the due  
8.28 date, the commissioner of revenue shall determine the tax base upon the sum of: (1) the  
8.29 nameplate capacity of the system's generators multiplied by the generation capacity rate  
8.30 for the generator's primary fuel source; (2) a production of 100 percent of annual capacity  
8.31 of the facility multiplied by the generation rate for the primary fuel source; and (3) the  
8.32 greater of the spent fuel tax base from the prior year multiplied by two, or the amount as  
8.33 reported by the United States Energy Information Administration, multiplied by two.

8.34 (c) If an owner of an electric transmission or distribution line, or an electric  
8.35 substation, fails to file the report by the due date, the commissioner of revenue shall  
8.36 determine the tax based upon the prior year's tax base multiplied by two.

9.1 Subd. 5. Notification to the counties. The commissioner of revenue shall annually  
9.2 on or before March 31 notify the county auditor of the county where the electric  
9.3 generating, transmission, distribution, and substation system is located: (1) the electric  
9.4 tax base; and (2) the electric tax base multiplied by two percent to be added to the  
9.5 jurisdiction's net tax capacity base.

9.6 Subd. 6. Omitted or undervalued property. If an electric generation, transmission,  
9.7 distribution, and substation system is omitted in the determination of the tax base and  
9.8 thereby escapes taxation, or if the system is discovered to have been undervalued, or, if  
9.9 the capacity and/or production has been underreported, the commissioner of revenue  
9.10 shall determine the tax base for the year or years omitted. The commissioner of revenue  
9.11 shall, on or before March 31, notify the county auditor of the county where the electric  
9.12 generation transmission, distribution, and substation system is located of the omitted or  
9.13 underreported tax base, and the county auditor shall extend against the owner arrearage of  
9.14 taxes properly due. The authority of the commissioner of revenue to determine the tax  
9.15 base under this section shall be limited to the immediately preceding five years.

9.16 EFFECTIVE DATE. This section is effective for assessment year 2017 and  
9.17 thereafter.

9.18 Sec. 7. Minnesota Statutes 2014, section 273.13, subdivision 24, is amended to read:

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

9.21 (1) Except as otherwise provided, each parcel of commercial, industrial, or utility  
9.22 real property has a classification rate of 1.5 percent of the first tier of market value, and 2.0  
9.23 percent of the remaining market value. In the case of contiguous parcels of property owned  
9.24 by the same person or entity, only the value equal to the first-tier value of the contiguous  
9.25 parcels qualifies for the reduced classification rate, except that contiguous parcels owned  
9.26 by the same person or entity shall be eligible for the first-tier value classification rate on  
9.27 each separate business operated by the owner of the property, provided the business is  
9.28 housed in a separate structure. For the purposes of this subdivision, the first tier means the  
9.29 first \$150,000 of market value. Real property owned in fee by a utility for transmission  
9.30 line right-of-way shall be classified at the classification rate for the higher tier.

9.31 For purposes of this subdivision, parcels are considered to be contiguous even if  
9.32 they are separated from each other by a road, street, waterway, or other similar intervening  
9.33 type of property. Connections between parcels that consist of power lines or pipelines do  
9.34 not cause the parcels to be contiguous. Property owners who have contiguous parcels of  
9.35 property that constitute separate businesses that may qualify for the first-tier classification

10.1 rate shall notify the assessor by July 1, for treatment beginning in the following taxes  
10.2 payable year.

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

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

10.16 **EFFECTIVE DATE.** This section is effective beginning with assessment year 2017.

10.17 Sec. 8. Minnesota Statutes 2014, section 273.1325, subdivision 1, is amended to read:

10.18 Subdivision 1. **Computation.** The Department of Revenue must annually conduct  
10.19 an assessment/sales ratio study of the taxable property in each county, city, town, and  
10.20 school district in accordance with the procedures in subdivisions 2 and 3. Based upon the  
10.21 results of this assessment/sales ratio study, the Department of Revenue must determine  
10.22 an equalized net tax capacity for the various classes of taxable property in each taxing  
10.23 district, plus the value established under section 273.129, the aggregate of which is  
10.24 designated as the adjusted net tax capacity. The adjusted net tax capacity must be reduced  
10.25 by the captured tax capacity of tax increment districts under section 469.177, subdivision  
10.26 2, fiscal disparities contribution tax capacities under sections 276A.06 and 473F.08, and  
10.27 the tax capacity of transmission lines required to be subtracted from the local tax base  
10.28 under section 273.425; and increased by fiscal disparities distribution tax capacities under  
10.29 sections 276A.06 and 473F.08. The adjusted net tax capacities shall be determined  
10.30 using the net tax capacity percentages in effect for the assessment year following the  
10.31 assessment year of the study. The Department of Revenue must make whatever estimates  
10.32 are necessary to account for changes in the classification system. The Department of  
10.33 Revenue may incur the expense necessary to make the determinations. The commissioner  
10.34 of revenue may reimburse any county or governmental official for requested services  
10.35 performed in ascertaining the adjusted net tax capacity. On or before March 15 annually,

11.1 the Department of Revenue shall file with the chair of the Tax Committee of the house  
 11.2 of representatives and the chair of the Committee on Taxes and Tax laws of the senate a  
 11.3 report of adjusted net tax capacities for school districts. On or before June 30 annually,  
 11.4 the Department of Revenue shall file its final report on the adjusted net tax capacities for  
 11.5 school districts established by the previous year's assessments and the current year's net  
 11.6 tax capacity percentages with the commissioner of education and each county auditor for  
 11.7 those school districts for which the auditor has the responsibility for determination of local  
 11.8 tax rates. A copy of the report so filed shall be mailed to the clerk of each school district  
 11.9 involved and to the county assessor or supervisor of assessments of the county or counties  
 11.10 in which each school district is located.

11.11 **EFFECTIVE DATE.** This section is effective beginning with assessment year  
 11.12 2017 and thereafter.

11.13 Sec. 9. Minnesota Statutes 2014, section 273.37, subdivision 1, is amended to read:

11.14 Subdivision 1. **Listing and assessment where situated.** (a) Personal property of  
 11.15 electric light and power companies, and other individuals and partnerships supplying  
 11.16 electric light and power, having a fixed situs outside of the corporate limits of cities shall  
 11.17 be listed and assessed in the district where situated, except as otherwise provided.

11.18 (b) Notwithstanding any other law to the contrary, the nonoperating property, and  
 11.19 operating real property that is part of an electric generation system, shall be listed and  
 11.20 assessed by the local or county assessor.

11.21 **EFFECTIVE DATE.** This section is effective for assessment year 2017 and  
 11.22 thereafter.

11.23 Sec. 10. **[477A.23] ELECTRIC GENERATION, TRANSMISSION,**  
 11.24 **DISTRIBUTION, AND SUBSTATION REPLACEMENT AID.**

11.25 Subdivision 1. **Definitions.** (a) For purposes of this section, the following terms  
 11.26 have the meanings given.

11.27 (b) "Local unit" means a home rule charter or statutory city, county, or town.

11.28 (c) "Electric transmission line" means an exterior or underground line that transmits  
 11.29 high-voltage electricity with a capacity of at least 65 kilovolts or any electric line owned  
 11.30 by a utility that only operates in wholesale sales. Electric transmission line does not mean  
 11.31 any exterior or electric line owned or operated by a municipal utility.

12.1 (d) "Electric distribution line" means an exterior or underground line that transmits  
12.2 energy which operates at a voltage less than 65 kilovolts, excluding any line owned or  
12.3 operated by a municipal utility, or a rural electric distribution cooperative.

12.4 (e) "Electric substation" means an assembly of equipment in an electric power system  
12.5 through which electric energy is passed for transmission, transformation, or distribution.

12.6 Subd. 2. **Aid eligibility; payment.** (a) For aids payable in 2018 only, replacement  
12.7 aid under this section equals: (1) the net tax capacity of all personal property of all electric  
12.8 generation, transmission and distribution lines, and substation systems as determined for  
12.9 assessment year 2017 multiplied by the payable 2018 local tax rate; minus (2) the net  
12.10 tax capacity in 2016 of all electric generation, transmission or distribution lines, and  
12.11 substation systems as determined under section 273.129, multiplied by the payable 2017  
12.12 local tax rate. The aid payment may not be less than zero.

12.13 (b) For aids payable in 2019 and thereafter, if the electric generation, transmission,  
12.14 distribution, and substation tax base is: (1) reduced by more than ten percent as compared  
12.15 to the previous year; and (2) the reduction is more than 0.5 percent of a local unit's total  
12.16 tax base, aid shall equal the difference between the prior assessment year multiplied by  
12.17 the current year local tax rate and the assessment two years prior multiplied by the prior  
12.18 year local tax rate.

12.19 (c) If paragraph (b) does not apply, aid shall be equal to (1) 95 percent of the prior  
12.20 year's aid; minus (2) the difference between the current year's tax base from the prior  
12.21 year's tax base. Aid shall cease if aid is certified to be less than .05 percent of the current  
12.22 assessment year multiplied by the local tax rate.

12.23 (d) The commissioner shall compute the amount of replacement aid payable to each  
12.24 local unit under this section. On or before August 1 of each year, the commissioner shall  
12.25 certify the amount of replacement aid computed for aids payable in the following year  
12.26 for each recipient local unit. The commissioner shall pay replacement aid to local units  
12.27 annually at the time provided for the second installment of local government aid under  
12.28 section 477A.015.

12.29 (e) The commissioner may require counties and owners of electric generation  
12.30 facilities, transmission and distribution lines, and substations to provide any documentation  
12.31 necessary to administer this section.

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

12.34 **EFFECTIVE DATE.** This section is effective beginning with aids payable in 2018  
12.35 and thereafter.

13.1       Sec. 11. **REPEALER.**

13.2             Minnesota Statutes 2014, sections 272.02, subdivisions 24, 29, 33, 44, 45, 47, 52,  
13.3 54, 55, 56, 68, 69, 70, 71, 84, 89, 92, 93, 96, and 99; 272.0211, are repealed.

13.4             **EFFECTIVE DATE.** This section is effective beginning with assessment year  
13.5 2016 and thereafter."

13.6             Amend the title accordingly