



Becker ♦ Cohasset ♦ Granite Falls ♦ Fergus Falls ♦ Hoyt Lakes ♦ Monticello ♦ Oak Park Heights ♦ Red Wing

Members of the House Property and Local Tax Division:

On behalf of the Coalition of Utility Cities (“CUC”), I write in support of House File 424. The CUC is a group of eight cities that host Minnesota’s largest power plants. My community, the City of Becker, is home to the Sherburne County Generating Station—commonly known as “Sherco.” Xcel Energy is the operator and majority owner of the Sherco plant, which is the state’s largest coal-fired generating plant.

This legislation is vitally important to us because the plants in each of our communities are assessed and valued by the state, and pay personal property taxes under the same set of statutes and regulations as the pipeline property that has been the subject of litigation in recent years.

State-assessed property is unique. While local governments are the ultimate recipients of the tax payments made by the utility companies we host, the local governments play no role in the assessment or valuation of that property. The valuation process is conducted each year by the Department of Revenue, with no involvement or input from local governments. Moreover, if a tax court challenge is filed, the Department of Revenue is the defendant, and no impacted local government is a party to the suit.

Yet, if a tax court determines the Department of Revenue erred in its valuation and orders tax refunds, the local governments—not the state—are on the hook.

The potential impact of this legislation is enormous. Becker is a city of around 4,500 residents, and the property taxes paid by the plant account for more than 75% of our city’s budget. Those dollars help fund essential services and offset the cost of the significant infrastructure, land use, and safety costs that the city incurs to support the plant.

While we are fortunate not to have already faced this issue like many counties have, it is a realistic possibility that we will in the immediate future. The electric utilities that own and operate the plants in our communities have expressed that they feel their property is significantly overvalued and that they are willing take their case to tax court in the coming years. A tax court judgment that results in a lower valuation of this property could mean millions of dollars in repayments, and force property tax increases and cuts to local government services.

House File 424 would ensure that local property taxpayers in our communities don’t find themselves holding the bag for a judgment against the Department of Revenue. On behalf of the Coalition of Utility Cities and the more than 60,000 property taxpayers that live in our communities, I urge you to pass this legislation into law.

Thank you for hearing this vitally important issue.

Sincerely,

Greg Pruszinske
Becker City Administrator
President, Coalition of Utility Cities