

Subject Electric Generation Transition Aid

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Overview

Establishes a state-paid transition aid program for certain cities that experience tax base losses resulting from reductions in value of coal energy producing facilities. Eligible cities would receive aid in three consecutive years. The aid amount would be equal to a percentage of the product of (1) the city's tax rate in the prior year, times (2) the total tax base losses in the city between the current year and the year prior to becoming eligible for the aid.

Summary

Section	Description
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1	City formula aid.
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Adjusts a city's local government aid (LGA) in the final year that a city receives electric generation transition aid. The adjustment would set the city's formula LGA amount at the greater of (1) the amount of LGA calculated for the city, (2) a percentage of the city's unmet need, or (3) \$1,000,000.

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

2	Electric generation transition aid.
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Subd. 1. Definitions. Defines terms for this section.

Subd. 2. Aid eligibility. Establishes electric generation transition aid amounts for eligible cities. To be eligible for the aid, cities must have had a coal energy producing facility in the city, be located in a metropolitan county, and the net tax capacity of electric generation property in assessment 2022 must have equaled a minimum percentage of the total net tax capacity in the city that year.

If the reduction in net tax capacity of electric generation property within an eligible city exceeds a minimum percentage of the total net tax capacity in a given year (defined as the "base year"), the city will begin to receive the transition aid for the next three years. The aid amounts are equal to a percentage of the product of (1) the city's tax rate in the prior year, times (2) the total tax

Section **Description**

base (NTC) loses in the city between the current year and the year prior to becoming eligible for the aid.

$$Aid = X\% \times ((NTC \text{ in year before base year} \\ - NTC \text{ in current year}) \times \text{Prior year's tax rate})$$

The commissioner of revenue must compute aid amounts and make payments to eligible cities. The commissioner may require counties to provide data necessary to administer the aid.

Subd. 3. Appropriation. Appropriates in each year an amount sufficient to make the aid payments.

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



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