Overview

Allows privately owned electric utility property that is subsequently sold to a utility, to continue to be exempt from property taxes after the sale. Effective for taxes payable in 2000 and thereafter.

1  **Personal property used to generate electricity.** Relates to certain electric utility personal property that is used to generate electricity for production and resale.

   **Subdivision 1. Electricity generated to produce goods and services.** Cites a cross reference to the property exemption under subdivision 2.

   **Subd. 2. Continued exemption for privately owned electric generation property sold to a utility.** (a) Provides that tools, implements, and machinery of an electric generating facility are exempt if all of the following requirements are met:

   (1) the electric generating facilities were operational and met the requirements for exemption of personal property under subdivision 1 on January 2, 1999; and

   (2) the generating facility is sold to a Minnesota electric utility.

   (b) Any tools, implements, and machinery that are installed by a utility and that increase the generation capacity of the facility that was exempted under paragraph (a), are also exempt under this section.

   Therefore, paragraph (a) continues to exempt from property tax existing electric utility facilities that were privately owned on January 1, 1999, and that are subsequently sold to a Minnesota electric utility. Under current law, once these electric facilities are sold to a utility, the personal property becomes taxable.

   Paragraph (b) further allows the utility that purchases these facilities to subsequently increase the generation capacity of the facility, and to have any tools, implements, and machinery used to increase that facility's generation capacity also be exempt from property tax, even though the expansion was done by the utility.

2  **Class 5.** Makes the necessary cross reference to class 5 to ensure that the property exempted in
section 1 is excluded from property taxation.

3 Effective date. Provides that sections 1 and 2 are effective for taxes levied in 1999, payable in 2000 and thereafter.