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State of Minnesota  
HOUSE OF REPRESENTATIVES

EIGHTY-EIGHTH SESSION

H. F. No. 2911

03/10/2014 Authored by Davnie and Clark  
The bill was read for the first time and referred to the Committee on Energy Policy  
03/19/2014 Adoption of Report: Re-referred to the Committee on Taxes

1.1 A bill for an act  
1.2 relating to taxation; property; exempting solar energy systems from property  
1.3 taxation; establishing a solar energy production tax; requiring reports; amending  
1.4 Minnesota Statutes 2012, section 272.02, subdivision 24; proposing coding for  
1.5 new law in Minnesota Statutes, chapter 272.

1.6 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.7 Section 1. Minnesota Statutes 2012, section 272.02, subdivision 24, is amended to read:

1.8 Subd. 24. ~~Electric power photovoltaic devices~~ Solar energy systems. Photovoltaic  
1.9 ~~devices~~ Solar energy systems, as defined in section ~~216C.06, subdivision 16~~ 272.0295,  
1.10 ~~installed after January 1, 1992, and used to produce or store electric power~~ are exempt.

1.11 EFFECTIVE DATE. This section is effective beginning with taxes payable in 2015.

1.12 Sec. 2. [272.0295] SOLAR ENERGY PRODUCTION TAX.

1.13 Subdivision 1. Production tax. A tax is imposed on the production of electricity  
1.14 from a solar energy system used as an electric power source.

1.15 Subd. 2. Definitions. For the purposes of this section, the term "solar energy system"  
1.16 means one or more photovoltaic devices, as defined in section 216C.06, subdivision 16,  
1.17 and related equipment, including step-up transformers, used to produce generated power by  
1.18 means of any combination of collecting, transferring, or converting solar-generated energy.

1.19 Subd. 3. Rate of tax. (a) For a solar energy system with a capacity exceeding one  
1.20 megawatt, the tax is \$1.20 per megawatt-hour.

1.21 (b) A solar energy system with a capacity of one megawatt or less is exempt from  
1.22 the tax imposed under this section.

2.1 Subd. 4. **Reports.** An owner of a solar energy system subject to tax under this  
2.2 section shall file a report with the commissioner of revenue annually on or before February  
2.3 1 detailing the amount of electricity in megawatt-hours that was produced by the solar  
2.4 energy system in the previous calendar year. The commissioner shall prescribe the form  
2.5 of the report. The report must contain the information required by the commissioner to  
2.6 determine the tax due to each county under this section for the current year. If an owner of  
2.7 a solar energy system subject to taxation under this section fails to file the report by the  
2.8 due date, the commissioner of revenue shall determine the tax based upon the nameplate  
2.9 capacity of the system multiplied by a capacity factor of 60 percent.

2.10 Subd. 5. **Notification of tax.** (a) On or before February 28, the commissioner of  
2.11 revenue shall notify the owner of each solar energy system of the tax due to each county  
2.12 for the current year and shall certify to the county auditor of each county in which the  
2.13 system is located the tax due from each owner for the current year.

2.14 (b) If the commissioner of revenue determines that the amount of production tax has  
2.15 been erroneously calculated, the commissioner may correct the error. The commissioner  
2.16 must notify the owner of the solar energy system of the correction and the amount of tax  
2.17 due to each county and must certify the correction to the county auditor of each county in  
2.18 which the system is located on or before April 1 of the current year.

2.19 Subd. 6. **Payment of tax; collection.** The amount of production tax determined  
2.20 under subdivision 4 must be paid to the county treasurer at the time and in the manner  
2.21 provided for payment of property taxes under section 277.01, subdivision 3, and, if unpaid,  
2.22 is subject to the same enforcement, collection, and interest and penalties as delinquent  
2.23 personal property taxes. Except to the extent inconsistent with this section, the provisions  
2.24 of sections 277.01 to 277.24 and 278.01 to 278.14 apply to the taxes imposed under this  
2.25 section, and for purposes of those provisions, the taxes imposed under this section are  
2.26 considered personal property taxes.

2.27 Subd. 7. **Distribution of revenues.** Revenues from the taxes imposed under this  
2.28 section must be part of the settlement between the county treasurer and the county auditor  
2.29 under section 276.09. The revenue must be distributed by the county auditor or the county  
2.30 treasurer to local taxing jurisdictions in which the solar energy system is located as  
2.31 follows: 80 percent to counties; and 20 percent to cities and townships.

2.32 **EFFECTIVE DATE.** This section is effective beginning with taxes payable in 2015.