

**103G.535 HYDROPOWER GENERATION.**

Subdivision 1. **Public purpose.** The legislature finds that:

(1) the public health, safety, and welfare of the state is also promoted by the use of state waters to produce hydroelectric or hydromechanical power in a manner consistent with laws relating to dam construction, reconstruction, repair, and maintenance; and

(2) the leasing of existing dams and potential dam sites primarily for power generation is a valid public purpose.

Subd. 2. **Authority for lease of sites.** A political subdivision, or the commissioner with the approval of the state executive council for state-owned dams, may provide by a lease or development agreement for the development and operation of dams, dam sites, and hydroelectric or hydromechanical power generation plants by an individual, a corporation, an organization, or other legal entity on terms and conditions in subdivision 5.

Subd. 3. **Installations less than 15,000 kilowatts unused on January 1, 1984.** If an installation of 15,000 kilowatts or less at a dam site and reservoir was unused on January 1, 1984, in connection with the production of hydroelectric or hydromechanical power, the lease or development agreement negotiated by the political subdivision and the developer constitutes full payment by the lessee and may be in lieu of all real or personal property taxes that might otherwise be due to a political subdivision.

Subd. 4. **Municipality or town approval.** If the dam, dam site, or power generation plant is located in or contiguous to a municipality or town, other than the lessor political subdivision, the lease or agreement is not effective unless it is approved by the governing body of the municipality or town.

Subd. 5. **Contents of development agreement.** (a) An agreement for the development or redevelopment of a hydropower site must contain provisions to assure the maximum financial return to the political subdivision or the commissioner.

(b) An agreement may contain:

(1) the period of the development agreement up to 99 years, subject to negotiations between the parties, and conditions for extension, modification, or termination;

(2) provisions for a performance bond on the developer or certification that the equipment and its installation have a design life at least as long as the lease; and

(3) provisions to assure adequate maintenance and safety in impoundment structures and access to recreational sites.

**History:** 1990 c 391 art 7 s 50; 1994 c 643 s 52