

From: "Loren Solberg" <rep.loren.solberg@house.mn>
Subject: **Re: Tax exemption for Mesaba Energy**
Date: March 13, 2006 11:22:21 AM CST
To: <neighcan@uslink.net>

Dear Charlotte,

Thanks for the e-mail.

The bills introduced are clarification of previous laws that apply to all other electrical generating facilities in the State.

I am the chief author of the bill and, although I have introduced it, I am not sure I will press for passage. I have not had enough information of the need and how this "clarification" will affect our area.

Also, the exemption is for personal property and not real-estate taxes.

Sincerely,
Rep. Loren Solberg

||| Charlotte Neigh <neighcan@uslink.net> 3/10/2006 3:22:22 PM >>>
Loren and Tom:

It seems that Itasca County officials are not aware of the following information, so I've sent it to them.

Senate and House bills have been introduced to exempt this project from paying the statutory utility personal property tax, which could be worth as much as \$10 million/year to be divided among Itasca County, City of Taconite, and the local school district.

In recent years it has become standard procedure when a utility seeks such an exemption for the local units of government to negotiate a Host Fee Agreement as a quid pro quo for supporting the exemption. Two examples are:

- * a Waseca County Resolution regarding the Blooming Grove Township facility; and
- * a Scott County Resolution regarding Xcel's Blue Lake Peaking Plant.

Goodhue County Auditor Brad Johnson ((651) 385-3032) is very familiar with such Host Fee Agreements and could provide valuable guidance to Itasca County. Also, in Goodhue County, Administrator David Unmacht could be helpful.

You may be aware that property owners in Itasca County have been experiencing significantly large increases in property taxes, which could be offset to some extent by having Mesaba pay its fair share in exchange for the expensive infrastructure it is expecting and for local services. I'm wondering if you two have considered this and what you are planning to do about it.

Charlotte Neigh

Loren 3/13/06 re: Host Fee