

# Minnesota must maintain property tax exemption for attachments to utility distribution lines to keep electric service in rural Minnesota affordable.



Providing electric service to rural Minnesota remains significantly more costly than urban areas. The longstanding property tax exemption for meters and streetlights must be maintained in order to ensure affordable electric service to rural Minnesotans.

## ► Electric service in rural areas is provided by not-for-profit cooperatives.

Electric cooperatives are motivated by service to members, not profits. This long-proven business model ensures **competitive energy costs**, reliability, responsible energy infrastructure investments, and community and economic development.

## ► Population density and electric service.

Minnesota's 44 distribution electric cooperatives have more miles of distribution line to maintain while serving fewer people — **an average of 7 consumers per mile versus 34 members per mile in investor-owned utility service areas**. The cost to serve a rural cooperative member is much higher, which is why the law has existed nearly the entire history of rural electric cooperatives service.

Under a Minnesota law that has existed since 1939 (Minn. Stat. 273.41), cooperative utility distribution lines in unincorporated areas, including attachments and appurtenances, are excluded from personal property taxes. Instead, the cooperative is required to pay \$10 for each 100 members.

## ► Longstanding history still relevant today.

In 1936, nearly 90 percent of farms lacked electric power because of the prohibitive costs of delivering electricity to rural areas. Through the formation of rural electric cooperatives in the 1940's and 1950's, electricity transformed the productivity and prosperity of agriculture and life in rural America.

Minnesota Stat. 273.41 was enacted to **avoid an undue tax burden that could undermine rural electrification**, recognizing that rural areas are materially different from incorporated urban areas in regards to electric service. That difference remains today as Minnesota's not-for-profit electric cooperatives continue to serve rural areas through the cooperative business model.



**Who is MREA?** The Minnesota Rural Electric Association (MREA) is the statewide organization representing electric cooperatives serving the state of Minnesota. We foster unity among and provide service to all of Minnesota's 50 electric cooperatives. Our mission is serving our members through collaborative leadership and expertise.



Minnesota Rural Electric Association