

# State of South Dakota

EIGHTY-FIRST SESSION  
LEGISLATIVE ASSEMBLY, 2006

400M0680

## HOUSE BILL NO. 1227

Introduced by: The Committee on Taxation at the request of the Governor

1 FOR AN ACT ENTITLED, An Act to provide a property tax exemption for coal-fired power  
2 plants upgrading pollution control equipment.

3 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF SOUTH DAKOTA:

4 Section 1. That chapter 10-35 be amended by adding thereto a NEW SECTION to read as  
5 follows:

6 Terms as used in this Act mean:

7 (1) "Coal-fired power plant," any person, corporation, limited liability company,  
8 association, company, partnership, political subdivision, municipality, rural electric  
9 cooperative, consumers power district, or any group or combination acting as a unit,  
10 owning or holding under lease, or otherwise, real property used, or intended for use,  
11 for the conversion of coal into electric power;

12 (2) "Environmental upgrade," an investment in an existing coal-fired power plant of  
13 more than ten million dollars in real or personal property that is designed to reduce  
14 the plant's emission of an air pollutant to the level imposed as an emission standard  
15 at a comparable coal-fired power plant permitted under best available control  
16 technology requirements within five years preceding the application for exemption.



1 Section 2. That chapter 10-35 be amended by adding thereto a NEW SECTION to read as  
2 follows:

3 Any coal-fired power plant performing an environmental upgrade may apply for the  
4 exemption in section 3 of this Act upon forms provided by the secretary of revenue and  
5 regulation before beginning the environmental upgrade. Upon approval of the application, the  
6 secretary shall issue a certificate of exemption. The secretary may require any information from  
7 the coal-fired power plant necessary to administer this exemption. The secretary of revenue and  
8 regulation, as an aid to the determination of the exemption provided by this Act, may call upon  
9 the Department of Environment and Natural Resources for any information and facts which the  
10 department may have concerning a coal-fired power plant seeking the exemption provided by  
11 section 3 of this Act. The Department of Environment and Natural Resources shall furnish the  
12 information upon request.

13 Any coal-fired power plant receiving the exemption provided in section 3 of this Act may  
14 waive the exemption and the hold harmless provision of section 3 of this Act for subsequent  
15 assessment years by filing a waiver with the secretary of revenue and regulation before the  
16 second Tuesday of August.

17 Section 3. That chapter 10-35 be amended by adding thereto a NEW SECTION to read as  
18 follows:

19 The first year after the environmental upgrade, the original cost of the environmental  
20 upgrade, as reported to the agency regulating the coal-fired power plant, is exempt from ad  
21 valorem taxation. In the second and subsequent years after the environmental upgrade, the  
22 depreciated cost of the environmental upgrade, as reported to the agency regulating the coal-  
23 fired power plant, is exempt from ad valorem taxation.

24 This exemption shall be allocated proportionately, based upon percentage ownership of the

1 coal-fired power plant. However, no coal-fired power plant may have its assessed valuation  
2 reduced below its valuation for the year preceding the first year it received this exemption.

3 Section 4. That chapter 10-35 be amended by adding thereto a NEW SECTION to read as  
4 follows:

5 The secretary of the Department of Revenue and Regulation may promulgate rules, pursuant  
6 to chapter 1-26, concerning this exemption to:

- 7 (1) Specify the real and personal property that makes up an environmental upgrade;
- 8 (2) Determine the original and depreciated cost of the environmental upgrade;
- 9 (3) Establish a procedure to calculate the effect of the exemption upon the assessed value  
10 of the coal-fired power plant; and
- 11 (4) Allocate the exemption between the ownership of the coal-fired power plant.