

Tax Expenditure Review Commission Member Evaluation Summary

4.1.26 Wind Energy Conversion Systems

Name of Expenditure:	Wind Energy Conversion Systems
Estimate of Annual Revenue Lost:	\$12,000,000*
Year of Adoption:	1992
Sunset Date:	None

Tax Type:

- Individual Income Tax
- Corporate Franchise Tax
- Estate Tax
- General Sales and Use Tax
- Motor Vehicle Sales Tax
- Highway Fuels Excise Tax
- Alcoholic Beverage Tax
- Cigarette and Tobacco Tax
- Mortgage Registry Tax
- Deed Transfer Tax
- Lawful Gambling Tax
- Insurance Premiums Tax
- Property Tax
- Motor Vehicle Registration Tax
- Aircraft Registry Tax
- Cannabis Gross Receipts Tax

This expenditure is the result of state conformity to the Federal Code:

- Yes
- No

Commission Approved Objective:

The objective of the Wind Energy Conversion Systems general sales and use tax exemption is to incentivize and promote the implementation and utilization of wind energy systems in Minnesota. The exemption is meant to achieve a greater percentage of renewable energy contributions to the state's electricity fuel generation mix.

Business (check all that apply):

- Job Creation & Maintenance
- Investment
- Competitiveness/Strategic
- Health/Environmental/Social Justice
- Other

Individual (check all that apply):

- Relief of Poverty
- Progressivity/Assistance to Low Earners
- Access to Opportunity
- Health/Environment/Social Justice
- Other

* The estimate is from the 2024 Tax Expenditure Budget published by the Department of Revenue for Fiscal Year 2026.

Measurement and Effectiveness Ratings Summary:

Statement	Strongly Disagree	Somewhat Disagree	Somewhat Agree	Strongly Agree	Total
We can measure the overall benefit towards achieving the objective(s).	0	1	1	2	4
The expenditure's benefit justifies its fiscal cost.	2	0	1	2	5
The expenditure is claimed by its intended beneficiaries.	0	0	4	1	5
The expenditure is claimed by a broad group of taxpayers.	2	1	1	1	5
The expenditure amount claimed per taxpayer is meaningful as an incentive/benefit.	1	1	2	1	5
The expenditure is relevant today.	0	1	0	3	4
Business Only:					
The expenditure is primarily beneficial to smaller businesses.	1	2	0	1	4
Individuals Only:					
The expenditure is primarily beneficial to lower income taxpayers.	0	0	0	0	0

Summary tax expenditure is flagged for legislative review:

Continue	Repeal	Modify	Total
3	2	0	5

Comments:

“It's not fully clear to me whether smaller energy businesses are accessing this tax credit. Utilities are often essentially monopolies, and it is likely that most of the credits are being used by bigger businesses that can tap into the grid and reach more customers. That may be the only change that the expenditure needs is to be more accessible to smaller energy businesses.”

“Somewhat concerned about “leakage” since most of these systems are manufactured out of state, but the incentive is still important in an effort at green energy enhancement in MN.”