



State Solar Policy Summary

Minnesota

Minnesota has seen interest in solar grow through changes in policy, decline in costs, and the availability of various incentives. Because solar development is rapidly increasing in the state, local governments are seeing requests for Plan and zoning text amendments, permits, and site reviews. The following summarizes state policy that that is driving the market and enabling local government authority.

Solar Policy

In 2013, the State Legislature passed a suite of laws that helped forecast an optimistic outlook for solar in Minnesota. These statutes are provided here:

1. Minnesota Statute [216B.1691, subd. 2f](#). Requires Minnesota's public utilities to generate or procure 1.5 percent of the utility's retail electricity sales from solar energy.
2. Minnesota Statute [116C.7792](#). Xcel Energy must provide \$5 million in financial incentives each year for 5 years for systems 20 kW or less.
3. Minnesota Statute [216B.1641](#) establishes the Xcel Energy Community Solar Garden Program.
4. Minnesota Statute [216C.411](#) is the Made in Minnesota incentive that that provides rebate funding for PV systems under 40 kW that are made in the state.

Prior to the above legislation, the State passed [216B.1691 Renewable Energy Objectives](#), which requires 25% of total retail electricity sales to be generated from renewable energy sources by 2025. This standard alone did not spur solar development, but helped open the door to a broader mix of renewable energy.

Solar Market

Minnesota has a number of incentives to help spur and finance solar development to reach state goals and mandates. Available incentives are listed here:

- PACE ([216C.436](#)) financing for commercial applications
- Xcel Energy's Solar Rewards systems under 40 kW may be eligible for
- Additionally, the federal tax credit of up to 30% is available through the end of 2019

Currently, Minnesota has approximately 882 MW of installed solar capacity. The Commerce Department projects that Minnesota's installed solar will surpass one gigawatt (or 1,000 MW) during 2019, exceeding the 1.5% solar standard.

Barriers to Solar Deployment

There has already been conflict between solar development and other land uses and community resources. This is particularly true for large solar farms or gardens. Many local governments have not addressed solar development in existing policies.

Statutory Context – Local Authority

Enabling statutes for addressing solar resources at the local level are summarized below:

1. **Solar Zoning.** [Minnesota Statute 462.357 Subd.1](#), (cities) [394.25 Subd.2](#) (counties) . . . a municipality may by ordinance regulate on the earth's surface, in the air space above the surface, and in subsurface areas, . . . access to direct sunlight for solar energy systems . . .
2. **Metropolitan Land Planning Act.** Minnesota Statute [473.859 Subd.2](#) Land Use Plan. (b) A land use plan shall contain . . . an element for protection and development of access to direct sunlight for solar energy systems.
3. **Enabling Solar Easements.** [Minnesota Statute. 500.30 Subd. 3](#). Solar and Wind Easements. Allows the purchase and holding of easements protecting access to solar and wind energy.
4. **Allowance for Solar Variance.** [Minnesota Statute 394.25 Subd. 7, 462.357 Subd.6\(2\)](#) Variances; Practical Difficulties. Variances shall only be permitted when they are in harmony with the general purposes and intent of the official control and when the variances are consistent with the comprehensive plan [...] Practical difficulties include, but are not limited to, inadequate access to direct sunlight for solar energy systems [...].
5. **Enabling solar access in subdivision regulation.** [Minnesota Statute 462.358 Subd. 2a](#). Official Controls: Subdivision Regulation; Dedication. The regulations may prohibit, restrict or control development for the purpose of protecting and assuring access to direct sunlight for solar energy systems.
6. **Power Plant Siting.**
 - a. [Minnesota Statute 216E.021](#). Solar Energy System Size Determination. The alternating current nameplate capacity of one solar energy generating system must be combined with the alternating current nameplate capacity of any other system that:
 - i. Is constructed within the same 12-month period [...]
 - ii. Exhibits characteristics of being a single development [...]
 - b. [Minnesota Statute 216E.05 Subdivision 1](#). Local Review. (a) [...] an applicant . . . shall have the option of applying to those local units of government that have jurisdiction over the site or route for approval to build the project [...]
7. **Property Taxes.**
 - a. [Minnesota Statute 272.02 Subd. 24](#). Exempt Property. Solar Energy Generating Systems. Personal property consisting of solar energy generating systems [...] is exempt.
 - i. Principal uses (solar farms or gardens) – the land on which the system is located shall be classified as class 3a property.
 - ii. Accessory uses – the solar energy system is disregarded.
 - b. [Minnesota Statute 272.0295](#). Solar Energy Production Tax. Applies only to systems with a capacity greater than 1MW and establishes a tax rate of \$1.20 per megawatt hour. The production tax is paid to the county in which the system is located.
8. **Beneficial Habitat Standard for Solar Farms.** [Minnesota Statute 216B.1642](#) encourages solar site design and management practices that provide native pollinator habitat and reduce stormwater runoff. Creates a technical standard for beneficial habitat, administered by the Board of Soil and Water Resources.