

HOUSE RESEARCH

Bill Summary

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Authors: Kalin

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Analyst: Joel Michael, 651-296-5057

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Overview

This bill authorizes the City of Taylors Falls to exercise border city development powers and allocates \$100,000 for state tax reductions in the zones. This will allow the city to offer property, corporate franchise, and sales tax exemptions to businesses.

Section

- 1** **Taylors Falls; Border city development zone.** Allows the City of Taylors Falls to designate all or any part of the city as a border city development zone. The bill allocates \$100,000 to the city to provide state tax benefits under the zone. This dollar limit does not apply if the commissioner of revenue waives the limit under the general law rules.

The general law rules for border city development zones apply to these zones. This law allows businesses locating or expanding in designated zones to qualify for property tax exemptions, corporate franchise tax credits, and sales tax exemptions. Cities with these powers also can extend some of these benefits to businesses located within their cities, but outside a development zone. To receive these tax reductions, a business must apply to the city in which it is located. Under present law, the cities of Breckenridge, Dilworth, East Grand Forks, Luverne, Moorhead, and Ortonville have these border city development zone powers. (Luverne received one-time funding in 2001; the other cities have received biennial

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funding since designation of the zones in 1998.)

Effective date: Upon local approval by the city of Taylor Falls.