

HOUSE RESEARCH

Bill Summary

FILE NUMBER: H.F. 3316 **DATE:** April 5, 2010
Version: As introduced
Authors: Drazkowski
Subject: St. Charles – sales tax and TIF exemptions
Analyst: Joel Michael, joel.michael@house.mn
Pat Dalton, 651-296-7434

This publication can be made available in alternative formats upon request. Please call 651-296-6753 (voice); or the Minnesota State Relay Service at 1-800-627-3529 (TTY) for assistance. Summaries are also available on our website at: www.house.mn/hrd.

Overview

This bill expands the 2009 sales tax exemption for replacement of the St. Charles meat processing plant damaged by fire so that it applies to any new or expanded business in the city that creates five new jobs or increases its workforce by 20 percent or more, whichever is greater. The bill also authorizes the city to establish an economic development TIF district that can be used for general commercial or housing purposes. (Under general law, these districts can only be used for manufacturing, warehousing, research and development, and telemarketing businesses.)

Section

- 1 Sales tax exemption.** Modifies the sales tax exemption (enacted in the 2009 legislative session) for the St. Charles meat processing facility that was damaged by fire. The original exemption was limited to materials and supplies used to replace the facility. This section expands the exemption to apply to any business that creates a minimum of five new jobs or expands its employment by 20 percent, whichever is greater, in the city.
Effective date: Sales and purchases made after June 30, 2010 and before July 1, 2015.
- 2 TIF exemption.** Authorizes the city of St. Charles to establish an economic development TIF district to which the general law limits on expenditures of increments do not apply. Under general law, increments from an economic development district may only be used to assist manufacturing, warehousing, research and development, and telemarketing businesses. Thus, this would allow the city to use the district to assist in developing office, retail, housing or other types of facilities. The section also explicitly provides that increments may be used to financing private energy efficiency improvements for new businesses in the district.