## HOUSE RESEARCH =

## Bill Summary =

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**Subject:** Provides a sales tax exemption for construction of an aerospace defense

manufacturing facility

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## Overview

Provides a sales tax exemption for the construction and purchase of technical equipment for an aerospace defense manufacturing and services facility. The sales tax must be paid upfront and the owner of the facility must apply for the refund. The refund paid per year is limited to \$1 million but unpaid refund amounts may be carried over to future years. The refund is paid by conforming to federal income tax treatment on dividends received from a real estate investment trust (REIT).

## Section

- Dividends received from another corporation. Disallows the deduction of dividends from a real estate investment trust (REIT) if not considered a dividend under the Internal Revenue Code. Effective beginning with taxable years starting after December 31, 2009.
- Aerospace defense manufacturing facility. Provides a sales tax exemption for the construction of a facility for the manufacture of aerospace and defense products and the provision of related services provided the capital investment in the facility is at least \$80 million. The facility includes associated parking and office facilities. Also exempts technical data processing and data storage equipment needed to operate the facility and provide related aerospace and defense services. Requires the sales tax to be paid and for the facility owner to apply for a refund. Effective for sales between July 1, 2010, and December 31, 2017.
- **Refund; appropriation.** Requires the facility owner to apply for the refund of sales taxes paid under subdivision 2. Limits the total amount of refund paid in any year to a maximum of \$1 million, with any additional refund carried forward. Requires that the refund of the natural heritage  $3/8^{th}$  sales tax be paid from the general fund.