

HOUSE RESEARCH

Bill Summary

FILE NUMBER: H.F. 326
Version: As introduced

DATE: March 6, 2013

Authors: Nornes

Subject: Fergus Falls - border city development zone authority

Analyst: Joel Michael, joel.michael@house.mn

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/.

This bill authorizes the city of Fergus Falls to designate all or parts of the city as a border city development zone. The bill allows Fergus Falls to exercise all of the powers under the border city development zone law in general law and allocates an unspecified amount of money for the state tax reductions that are allowed to be provided in border city development zones.

Background information. Under present law, the border city development zone law applies only to cities bordering North Dakota – Breckenridge, Dilworth, East Grand Forks, Moorhead, and Ortonville. The legislature has regularly allocated money for these cities – both for the regular border city enterprise zone program (enacted in 1983) and the border city development zone program (enacted in 1998). The last allocation was made in 2008. The city of Luverne received a one-time designation, similar to that proposed in this bill, with an allocation of \$175,000 for the state tax reductions.

The border city development zone 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 tax reductions, a business must apply to the city in which it intends to locate or expand.