

# HOUSE RESEARCH

## Bill Summary

**FILE NUMBER:** H.F. 1426  
**Version:** As introduced

**DATE:** March 25, 2013

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**Subject:** City of Taylor Falls – Border City Development Zone Powers

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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.

Under this authority, the city may designate all or any part of the city as a border city development zone. 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 funding since designation of the zones in 1998 through the 2007-2008 biennium.)

The commissioner of revenue is authorized to waive the \$100,000 dollar limit, if the commissioner determines that the general law rules would permit waiver.

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