

HOUSE RESEARCH

Bill Summary

FILE NUMBER: H.F. 1781
Version: As introduced

DATE: April 16, 2013

Authors: Hortman and Lenczewski

Subject: Construction exemption for a biopharmaceutical manufacturing facility

Analyst: 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/hrd.htm.

Overview

Provides a sales tax exemption for the construction materials and equipment for a biopharmaceutical manufacturing facility that meets certain investment and job creation goals.

Section

1 Biopharmaceutical manufacturing facility. Provides a sales tax exemption for materials, supplies, and capital equipment incorporated into construction improvement or expansion of a biopharmaceutical manufacturing facility if the facility meets the following conditions:

- it manufactures biologics;
- total capital investment of at least \$50 million;
- the facility creates and maintains 190 new FTE employees in the state; and
- the Department of Employment and Economic Security determines that the project meets these requirement in each year in which a refund is requested.

The exemption also applies to materials used in privately-owned infrastructure needed to support the facility. The tax is owed at the time of purchase and the owner of the facility may apply for a refund.

The refund is metered out so that 25 percent of the total allowable refund to date is paid annually.

Effective retroactively to investments entered into and jobs created after December 31, 2012,

Section

and before July 1, 2019.

- 2** **Tax collected.** Provides that the purchasers of construction materials and equipment granted an exemption under section 1 may pay the tax and apply for a refund of sales taxes paid. The applicant for the refund must be the owner of the facility. Subcontractors and contractors must provide information to the facility owner on taxes paid on construction materials exempt under section 1 to allow the owner to apply for a refund. The owner may not apply for a refund before June 30, 2016.