

HOUSE RESEARCH

Bill Summary

FILE NUMBER: H.F. 3383
Version: As amended (H3383A1)

DATE: April 5, 2016

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Subject: Provides tax relief to the city of Madelia for its fire on February 3, 2016

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Overview

The bill provides the following types of tax relief to the Madelia businesses whose property was damaged or destroyed in a fire on February 3, 2016:

- a 15 year property tax exemption for property damaged or destroyed in the fire; and
- a sales tax exemption on construction materials and equipment to rebuild property.

It also provides an extra \$80,000 per year for 15 years in LGA payments to the city of Madelia.

Section

1 **Certain property damaged by fire.** Provides a 15 year property tax exemption if a property is located in a city that meets certain requirements and the property was damaged or destroyed by a fire on February 3, 2016. Madelia is the only city that meets the city requirements.

Effective for taxes payable from 2017 through taxes payable in 2031.

2 **Properties destroyed by fire.** Provides a sales tax exemption for construction materials, equipment and supplies used to construct or replace property affected by the February 2016 fire in Madelia. The exemption applies to purchases by the property owner or by a

Section

contractor, subcontractor, or builder. The tax must be paid at the time the material is purchased and the owner of the property must apply for a refund of the tax.

Effective for purchases made after June 30, 2016 and before July 1, 2018.

- 3** **Certified aid adjustments.** Provides an extra \$80,000 per year in LGA payments for 15 years to a city that meets certain requirements. Madelia is the only city that meets the city requirements.

Effective for aids payable in 2017 through aids payable in 2031.

- 4** **Cities.** Increases the city LGA appropriation by \$80,000 for aids payable in 2017 through 2031 to make the extra payment in section 3.

Effective beginning with aids payable in 2017.