

HOUSE RESEARCH

Bill Summary

FILE NUMBER: H.F. 91
Version: As introduced

DATE: February 24, 2015

Authors: Nornes

Subject: Property tax exemption for new or expanding manufacturing businesses

Analyst: Steve Hinze (steve.hinze@house.mn), Joel Michael (joel.michael@house.mn),
Christopher Kleman (christopher.kleman@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/.

Overview

H.F. 91 allows cities and counties to exempt new or expanding manufacturing businesses from local property taxation for a period of up to five years.

Section

1 New or expanding business. Exempts buildings and other improvements of a new or expanding business from property taxation for up to five years, provided that the property qualifies under section 2. The exemption applies to the new or expanded portion of the buildings only, not the land, and does not apply to the state general levy.

2 Property tax exemption; new or expanding business.

Subdivision 1. Definitions. Defines “qualified business” to be one that intends to construct a new facility or expand an existing facility, and that is engaged in either (1) manufacturing, (2) warehousing, storage, and distribution of manufactured goods, or (3) research and development related to manufacturing.

Subd. 2. Authority to grant exemption. Allows a city or a county (for property located in a township) to adopt a resolution exempting a new or expanding manufacturing facility from local property taxation (the exemption would not apply to the state general levy). Before adopting the resolution, the city or county must make findings that (1) the business does not compete for customers or sales with other businesses in the county, (2) the business would not undertake the investment without the exemption, and (3) granting the exemption will not adversely affect the tax base of

Section

the city, county, or school district. The exemption may be for any length of time up to five years.

Subd. 3. Hearing and published notice required. Provides that the city or county must publish notice and hold a public hearing prior to adoption of the resolution.

Subd. 4. Timing. Provides that the exemption applies for the first assessment year following adoption of the resolution.