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State of Minnesota

HOUSE OF REPRESENTATIVES

EIGHTY-EIGHTH SESSION

H. F. No. **3254**

03/21/2014 Authored by Lien, Nornes, Marquart, McNamar and Franson

The bill was read for the first time and referred to the Committee on Jobs and Economic Development Finance and Policy

03/27/2014 Adoption of Report: Amended and re-referred to the Committee on Taxes

1.1 A bill for an act
1.2 relating to economic development; modifying border city allocations; mandating
1.3 a study and report on North Dakota oil production and economic impacts
1.4 in Minnesota; appropriating money; amending Minnesota Statutes 2013
1.5 Supplement, section 469.169, subdivision 19.

1.6 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.7 Section 1. Minnesota Statutes 2013 Supplement, section 469.169, subdivision 19,
1.8 is amended to read:

1.9 Subd. 19. **Additional border city allocation; 2013.** (a) In addition to the tax
1.10 reductions authorized in subdivisions 12 to 18, the commissioner shall allocate \$750,000
1.11 for tax reductions to border city enterprise zones in cities located on the western border
1.12 of the state. The commissioner shall allocate this amount among cities on a per capita
1.13 basis. Allocations made under this subdivision may be used for tax reductions under
1.14 section 469.171, or for other offsets of taxes imposed on or remitted by businesses located
1.15 in the enterprise zone, but only if the municipality determines that the granting of the tax
1.16 reduction or offset is necessary to retain a business within or attract a business to the zone.
1.17 The city alternatively may elect to use any portion of the allocation under this paragraph
1.18 for tax reductions under section 469.1732 or 469.1734.

1.19 (b) The commissioner shall allocate \$750,000 for tax reductions under section
1.20 469.1732 or 469.1734 to cities with border city enterprise zones located on the western
1.21 border of the state. The commissioner shall allocate this amount among the cities on a per
1.22 capita basis. The city alternatively may elect to use any portion of the allocation provided
1.23 in this paragraph for tax reductions under section 469.171.

1.24 (c) On April 1, 2015, the commissioner shall cancel an amount of the allocations
1.25 under paragraphs (a) and (b) to the general fund in an amount sufficient to equal the

2.1 expenditures made by the commissioner under the appropriation in section 2. The
2.2 cancellation must be apportioned equally between the allocations under paragraphs (a)
2.3 and (b) and distributed among the border cities on a per capita basis.

2.4 **EFFECTIVE DATE.** This section is effective the day following final enactment.

2.5 Sec. 2. **STUDY OF NORTH DAKOTA OIL PRODUCTION; IMPACT ON**
2.6 **MINNESOTA.**

2.7 (a) \$150,000 in fiscal year 2014 is appropriated from the general fund to the
2.8 commissioner of employment and economic development, in consultation with the
2.9 commissioner of revenue, to finance a study and analysis of the effects of current and
2.10 projected oil production in North Dakota on the Minnesota economy with special focus on
2.11 the northwestern region of Minnesota and area border cities as provided in paragraph (b).

2.12 (b) The study and analysis must address:

2.13 (1) current and projected economic, fiscal, and demographic effects and issues;

2.14 (2) direct and indirect costs and benefits;

2.15 (3) positive and negative effects; and

2.16 (4) economic challenges and opportunities for economic growth or diversification.

2.17 (c) The study must be objective, evidence-based, and designed to produce empirical
2.18 data. Study data must be utilized to formulate policy recommendations on how the state,
2.19 the northwestern region of the state, and border cities may respond to the challenges and
2.20 opportunities for economic growth and financial investment that may be derived from the
2.21 regional economic changes that are the result of oil production in North Dakota.

2.22 (d) For the purposes of this section, "border cities" has the meaning given in
2.23 Minnesota Statutes, section 469.1731.

2.24 (e) The study and analysis must be conducted by an independent entity with
2.25 demonstrated knowledge in the following areas:

2.26 (1) the economy and demography of Minnesota;

2.27 (2) the domestic and foreign oil industry; and

2.28 (3) technologies, markets, and geopolitical factors that have an impact on current
2.29 and future oil production in the region.

2.30 (f) The commissioner shall report on the findings and recommendations of the study
2.31 to the committees of the house of representatives and senate having jurisdiction over
2.32 economic development and workforce issues by February 15, 2015.

2.33 (g) Any amount of the appropriation under paragraph (a) that remains unexpended
2.34 on March 31, 2015, lapses and is canceled to the general fund on that date.

3.1 **EFFECTIVE DATE.** This section is effective the day following final enactment.