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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETY-THIRD SESSION

H. F. No. 222

01/11/2023

Authored by Quam

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

1.1 A bill for an act  
1.2 relating to taxation; property; exempting a portion of commercial-industrial property  
1.3 market value from city levy; proposing coding for new law in Minnesota Statutes,  
1.4 chapter 469.

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

1.6 Section 1. [469.1817] BUSINESS RETENTION; PROPERTY VALUE REDUCTION.

1.7 Subdivision 1. Business retention zone designation. The governing body of a home  
1.8 rule or statutory city may by resolution designate up to 30 percent of qualifying properties  
1.9 in its commercial and industrial areas as a business retention zone. The city may reduce the  
1.10 estimated market value of qualified businesses within a zone by up to ... percent.

1.11 Subd. 2. City may reduce value. The governing body of a city may by resolution  
1.12 designate qualifying property as belonging to the business retention zone and reduce the  
1.13 value of each property up to ... percent. This reduction in value may not include the value  
1.14 of any improvements existing at the time the reduction is granted or during the reduction  
1.15 period.

1.16 Subd. 3. Qualifying property. To qualify for the business retention zone designation  
1.17 and a value reduction under this section, the taxable property must meet all the following  
1.18 conditions:

1.19 (1) be property of a business existing in the city for more than ... years;

1.20 (2) be classified as 1c; and

1.21 (3) have an increase in local property taxes of ... percent or greater between two  
1.22 consecutive calendar years beginning in taxes payable year 2018 or later.

2.1 Subd. 4. **Application; hearing.** (a) By April 30 of the assessment year for which the  
2.2 business retention zone designation and valuation reduction is first requested, an applicant  
2.3 may apply to the city clerk where the property is located. The application must contain the  
2.4 legal description of the property and the information required in subdivision 3 for determining  
2.5 eligibility.

2.6 (b) Before approving a business retention zone designation and value reduction pursuant  
2.7 to this section, the governing body of a city must hold a public hearing. The city clerk must  
2.8 publish a notice in the official newspaper of the time and place of a hearing to be held by  
2.9 the governing body on the application, not less than 30 days after the notice is published.  
2.10 The notice must state that the applicant, local government officials, and any taxpayer of the  
2.11 city may be heard or may present their views in writing at or before the hearing. The  
2.12 governing body must act on the application by resolution within 30 days after the hearing  
2.13 ends. If the application is disapproved, the reasons must be set forth in the resolution. If the  
2.14 application is approved, the city clerk must forward a copy of the resolution approving the  
2.15 designation and the determined value reduction to the county assessor who must reduce the  
2.16 value of the property under the terms of and for the period contained in the resolution.

2.17 Subd. 5. **Duration limitation.** The governing body of the city may grant concurrent  
2.18 valuation reductions for a period no longer than 15 years. This period commences in the  
2.19 first year in which the property is designated as a business retention zone and a reduction  
2.20 is granted. The city may specify by resolution a shorter duration.

2.21 **EFFECTIVE DATE.** This section is effective beginning with assessment year 2024.