



2.1 may be affected by the tax benefits under subdivision 5, 6, or 7, or to a joint powers  
2.2 board established under section 471.59 acting on behalf of local government units with  
2.3 jurisdiction to tax in the applicable geographic area. In making this determination, each  
2.4 taxing authority must consider the conditions listed in subdivision 3, paragraph (a),  
2.5 clauses (1) and (2), and paragraph (c). If the affected taxing authorities determine that  
2.6 the increased business activities will benefit the local economy, the taxing authorities  
2.7 may individually notify the commissioner that the business has received local approval  
2.8 to be designated as a PROFIT business.

2.9 (b) In lieu of paragraph (a), one or more taxing authorities acting together, or a joint  
2.10 powers board may provide a general local approval to the commissioner that applies to  
2.11 any business seeking approval to be designated as a PROFIT business that conducts or  
2.12 plans to conduct business operations within an area subject to the jurisdiction of the taxing  
2.13 authority or authorities or joint powers board.

2.14 (c) The applications required under paragraph (a) must be in the form and be made  
2.15 under the procedures specified by the commissioner.

2.16 Subd. 3. **PROFIT business designation; requirements.** (a) To receive designation  
2.17 as a PROFIT business, a business must satisfy all of the following conditions:

2.18 (1) the business is engaged in, within Minnesota, one of the following as its primary  
2.19 business activity:

2.20 (i) manufacturing;

2.21 (ii) warehousing;

2.22 (iii) distribution;

2.23 (iv) information technology;

2.24 (v) finance;

2.25 (vi) insurance; or

2.26 (vii) professional or technical services;

2.27 (2) the business must not be primarily engaged in lobbying, political consulting,  
2.28 leisure, hospitality, or professional services provided by attorneys, accountants, business  
2.29 consultants, physicians, or health care consultants; and

2.30 (3) the business must enter into a binding job creation and construction agreement  
2.31 with the appropriate local government unit in which the PROFIT business is located  
2.32 and the commissioner to:

2.33 (i) create at least ten new full-time employee positions within two years of being  
2.34 designated as a PROFIT business. Each new position must earn:

2.35 (A) at least \$35,000 in annual wages for businesses located in the seven-county  
2.36 metropolitan area as defined in section 473.121, subdivision 2; or

- 3.1 (B) at least \$27,000 in annual wages in all other areas; and
- 3.2 (ii) invest at least \$500,000 in a construction project that includes a new, expanded,
- 3.3 or remodeled facility within two years of being designated as a PROFIT business;
- 3.4 (4) positions or employees moved or relocated from another location of the PROFIT
- 3.5 business in Minnesota must not be included in any calculation or determination of job
- 3.6 creation or new positions under this paragraph;
- 3.7 (5) a PROFIT business may not terminate, layoff, or reduce the working hours of
- 3.8 an employee for the purpose of hiring an individual to satisfy job creation goals under
- 3.9 this subdivision; and
- 3.10 (6) The agreement may also include additional job creation goals as determined by
- 3.11 the commissioner and the business and that must be achieved in order for the business
- 3.12 to continue to be eligible for the tax benefits after the PROFIT business initially meets
- 3.13 the two-year goals.
- 3.14 (b) Upon receiving notification of local approval under subdivision 2, the
- 3.15 commissioner shall review the determination by the local taxing authorities or joint
- 3.16 powers board and consider the conditions listed in paragraphs (a) and (c), to determine
- 3.17 whether to designate a business as a PROFIT business.
- 3.18 (c) Prior to designation of a business under this subdivision, the commissioner shall
- 3.19 consider the following:
- 3.20 (1) the economic outlook of the industry in which the business engages;
- 3.21 (2) the projected sales of the business that will be generated from outside the state
- 3.22 of Minnesota;
- 3.23 (3) how the business will build on existing regional, national, and international
- 3.24 strengths to diversify the state's economy;
- 3.25 (4) whether the business activity would occur without financial assistance;
- 3.26 (5) the effect of financial assistance on industry competitors; and
- 3.27 (6) any other criteria the commissioner deems necessary.
- 3.28 Subd. 4. **Certification; tax benefits.** (a) The commissioner must certify as a
- 3.29 qualified PROFIT business, a PROFIT business that has achieved its two-year goals under
- 3.30 its job creation and construction agreements under subdivision 3.
- 3.31 (b) In addition, upon application to the commissioner by the qualified PROFIT
- 3.32 business, the commissioner shall determine the extent to which the qualified PROFIT
- 3.33 business has met any additional job creation or construction goals.
- 3.34 (c) A business that is certified as a qualified PROFIT business is eligible for the
- 3.35 following tax benefits for up to 12 years from the date the commissioner certifies the
- 3.36 business as a qualified PROFIT business under this subdivision:

**S.F. No. 1421, as introduced - 87th Legislative Session (2011-2012) [11-3301]**

4.1 (1) the property tax refund for certain improvements as provided in subdivision 5;

4.2 (2) a refund for sales and use tax and any local sales and use taxes on qualifying  
4.3 purchases as provided in subdivision 6; and

4.4 (3) a refund for the state sales tax on motor vehicles and any local sales tax on motor  
4.5 vehicles as provided under subdivision 7.

4.6 (d) A refund of property, sales, or motor vehicle taxes paid, as described under  
4.7 paragraph (c), is provided to a qualified PROFIT business when the two-year construction  
4.8 and employment goals under the agreement under subdivision 3 are achieved and upon  
4.9 filing with the commissioner of revenue a claim for refund in the form and manner  
4.10 prescribed by the commissioner of revenue. Following achievement of the two-year goals,  
4.11 a qualified PROFIT business is eligible for a refund of property, sales, or motor vehicle  
4.12 taxes paid, as described under paragraph (c), in the previous year if the business meets  
4.13 the additional job creation and construction goals provided for in its agreement under  
4.14 subdivision 3. The amount of the refund is equal to the amount of property, sales, or  
4.15 motor vehicle taxes paid, as described under paragraph (c), in the previous calendar year  
4.16 if the business meets its additional job creation and construction goals. If the business  
4.17 does not meet its additional job creation and construction goals, then the refund is equal to  
4.18 the amount of property, sales, or motor vehicle taxes paid, as described under paragraph  
4.19 (c), in the previous calendar year multiplied by the number of new full-time employee  
4.20 positions over the number of full-time employee positions agreed to under its agreement  
4.21 under subdivision 3.

4.22 Subd. 5. **Property tax refund.** (a) The property tax imposed on the increase in tax  
4.23 capacity resulting from the value of improvements made to real property and personal  
4.24 property, classified under section 273.13, subdivision 24, and owned and operated by a  
4.25 qualified PROFIT business, may be refunded as provided in this subdivision.

4.26 (b) For property to qualify for the refund, the occupant must be a qualified PROFIT  
4.27 business.

4.28 (c) A qualified PROFIT business is eligible for the refund beginning the first  
4.29 assessment year after the business is certified by the commissioner. To be eligible, the  
4.30 property must be occupied by July 1 of the assessment year by a qualified PROFIT  
4.31 business.

4.32 (d) A qualified PROFIT business must notify the commissioner of revenue in writing  
4.33 of eligibility under this subdivision by July 1 in order to begin receiving the refund under  
4.34 this subdivision in the following year.

5.1 (e) The refund is distributed as provided in subdivision 4, paragraph (d), and  
5.2 continues annually as long as the qualified PROFIT business continues to meet the job  
5.3 creation goals provided for in its agreement under subdivision 3.

5.4 Subd. 6. **Sales and use tax refund.** (a) A qualified PROFIT business is eligible  
5.5 for a refund of taxes paid under chapter 297A on the purchase and use of construction  
5.6 materials, services, and supplies used or consumed in, including equipment incorporated  
5.7 into, real property owned by a qualified PROFIT business if used in the conduct of a  
5.8 qualified PROFIT business.

5.9 (b) The refund under this subdivision applies regardless of whether the purchases are  
5.10 made by the qualified PROFIT business or a contractor hired to perform work or provide  
5.11 services at the qualified PROFIT business location.

5.12 (c) The tax must be refunded in the manner provided under subdivision 4, paragraph  
5.13 (d), subject to the job creation and construction agreement under subdivision 3.

5.14 Subd. 7. **Motor vehicle tax refund.** (a) A qualified PROFIT business is eligible  
5.15 for a refund of taxes paid under chapter 297B on the purchase of a motor vehicle if the  
5.16 motor vehicle is primarily used as part of or in direct support of the business operations of  
5.17 a qualified PROFIT business. The refund applies to sales if the purchase was made and  
5.18 delivery received during the duration of a qualified PROFIT business certification. The  
5.19 refund also applies to any local sales and use tax.

5.20 (b) The tax must be refunded in the manner provided under subdivision 4, paragraph  
5.21 (d), subject to the job creation and construction agreement under subdivision 3.

5.22 Subd. 8. **Appropriation.** An amount sufficient to pay the refunds under subdivision  
5.23 4 is annually appropriated to the commissioner of revenue from the general fund.

5.24 **EFFECTIVE DATE.** This section is effective for taxes payable in 2012 and  
5.25 thereafter and for sales and purchases made after July 31, 2011, and thereafter.