

**SENATE
STATE OF MINNESOTA
NINETY-FIRST SESSION**

S.F. No. 1240

(SENATE AUTHORS: JOHNSON, Eken and Westrom)

DATE
02/14/2019

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388 Introduction and first reading
Referred to Taxes

OFFICIAL STATUS

1.1 A bill for an act
1.2 relating to taxation; economic development; providing permanent tax reduction
1.3 authority to border city enterprise zones; amending Minnesota Statutes 2018,
1.4 sections 469.169, by adding a subdivision; 469.171, subdivision 4.

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

1.6 Section 1. Minnesota Statutes 2018, section 469.169, is amended by adding a subdivision
1.7 to read:

1.8 Subd. 21. **Additional border city allocations.** (a) In addition to the tax reductions
1.9 authorized in subdivisions 12 to 20, the commissioner shall annually allocate \$1,000,000
1.10 for tax reductions to border city enterprise zones in cities located on the western border of
1.11 the state. The commissioner shall allocate this amount among cities on a per capita basis.
1.12 Allocations made under this subdivision may be used for tax reductions under sections
1.13 469.171, 469.1732, and 469.1734, or for other offsets of taxes imposed on or remitted by
1.14 businesses located in the enterprise zone as provided by law, but only if the municipality
1.15 determines that the granting of the tax reduction or offset is necessary to retain a business
1.16 within or attract a business to the zone.

1.17 (b) The allocations under this subdivision do not cancel or expire, but remain available
1.18 until used by the city.

1.19 **EFFECTIVE DATE.** This section is effective July 1, 2020.

1.20 Sec. 2. Minnesota Statutes 2018, section 469.171, subdivision 4, is amended to read:

1.21 Subd. 4. **Restriction.** The tax reductions provided by this section shall not apply to (1)
1.22 a facility the primary purpose of which is one of the following: ~~retail food and beverage~~

2.1 ~~services, automobile sales or service, or the provision of recreation or entertainment, or a~~
2.2 ~~private or commercial golf course, country club, massage parlor, tennis club, skating facility~~
2.3 ~~including roller skating, skateboard, and ice skating, racquet sports facility, including any~~
2.4 ~~handball or racquetball court, hot tub facility, suntan facility, or racetrack; (2) property of~~
2.5 ~~a public utility; (3) property used in the operation of a financial institution; (4) property~~
2.6 ~~owned by a fraternal or veterans' organization; or (5) property of a business operating under~~
2.7 ~~a franchise agreement that requires the business to be located in the state; except that tax~~
2.8 ~~reductions may be provided to a retail food or beverage facility or an automobile sales or~~
2.9 ~~service facility, or a business~~ a retail food or beverage facility operating under a franchise
2.10 agreement that requires the business to be located in this state ~~except for such a franchised~~
2.11 ~~retail food or beverage facility.~~

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