

SENATE
STATE OF MINNESOTA
EIGHTY-NINTH SESSION

S.F. No. 484

(SENATE AUTHORS: INGEBRIGTSEN, Pederson, J., Nelson and Senjem)

DATE	D-PG	OFFICIAL STATUS
02/02/2015	188	Introduction and first reading Referred to Taxes

A bill for an act

relating to taxation; property; authorizing municipalities to grant property tax exemptions for certain new and expanding business property; amending Minnesota Statutes 2014, section 272.02, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 469.

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

Section 1. Minnesota Statutes 2014, section 272.02, is amended by adding a subdivision to read:

Subd. 100. **New or expanding business.** Buildings and other improvements of a new or expanding qualified business are exempt for up to five years as provided under section 469.1817, except this exemption does not apply to the tax imposed under section 275.025.

EFFECTIVE DATE. This section is effective for property taxes payable in 2016 and thereafter.

Sec. 2. **[469.1817] PROPERTY TAX EXEMPTION; NEW OR EXPANDING BUSINESS.**

Subdivision 1. **Definitions.** (a) For purposes of this section, the following terms have the meanings given.

(b) "Municipality" means the statutory or home rule charter city in which the property is located or the county for a property located in an unincorporated area.

(c) "Qualified business" means a business that intends to construct a new or expand an existing facility in the municipality and that is engaged in:

(1) the manufacturing or production of tangible personal property, including processing resulting in the change in condition of the property;

2.1 (2) warehousing, storage, and distribution of tangible personal property, excluding
2.2 retail sales; and

2.3 (3) research and development related to the activities listed in clause (1) or (2).

2.4 Subd. 2. **Authority to grant exemption.** (a) Upon application, the governing
2.5 body of a municipality may by resolution grant an exemption from property taxation
2.6 on improvements made by or for a qualified business. The exemption is limited to
2.7 improvements made after adoption of the resolution. Before adopting the resolution, the
2.8 governing body must publish notice as required in subdivision 3 and make findings that:

2.9 (1) the qualified business does not compete with other businesses in the county for
2.10 customers or sales;

2.11 (2) the qualified business would not undertake the investment without the provision
2.12 of the property tax exemption; and

2.13 (3) granting of the exemption will not adversely affect the property tax base of
2.14 the city, county, or school district.

2.15 The resolution must specify the duration of the exemption provided, not to exceed five
2.16 years.

2.17 (b) The municipality must have and retain for a period ending one year after
2.18 the termination of the property tax exemption under this section supporting written
2.19 documentation for its findings under paragraph (a).

2.20 Subd. 3. **Hearing and published notice required.** Before granting an exemption
2.21 under this section, the governing body of the municipality must hold a public hearing after
2.22 publishing notice in a newspaper of general circulation in the municipality at least once,
2.23 not less than ten days nor more than 30 days before the date of the hearing. The notice
2.24 must describe the nature and the expected business use of the planned improvements.

2.25 Subd. 4. **Timing.** Exemptions granted under this section apply to the first
2.26 assessment year following adoption of the resolution granting the exemption.

2.27 **EFFECTIVE DATE.** This section is effective the day following final enactment
2.28 and applies for property taxes payable in 2016 and thereafter.