

MINNESOTA • REVENUE

PROPERTY TAX Nobles County TIF – JOBZ Property Tax Exemption Ineligibility

April 4, 2005

	Yes	No
Separate Official Fiscal Note Requested		X
Fiscal Impact		
DOR Administrative Costs/Savings		X

Department of Revenue

Analysis of S.F. 1907 (Vickerman) **As Proposed to be Amended**

	Fund Impact			
	<u>F.Y. 2006</u>	<u>F.Y. 2007</u>	<u>F.Y. 2008</u>	<u>F.Y. 2009</u>
	(000's)			
General Fund	\$0	\$0	\$0	\$0

Effective for taxes payable in 2005 and thereafter.

EXPLANATION OF THE BILL

Current Law: Current law provides that improvements to real property and tangible personal property of a qualified business located in an agricultural processing facility zone are exempt from property tax under the JOBZ program. The exemption does not apply to levies to pay general obligation bonds or levies approved by voters prior to 2004 to pay school district operating costs.

Proposed Law: For property located in both an agricultural processing zone and a tax increment financing (TIF) district, **as proposed to be amended**, the property tax exemption under the JOBZ program would not apply to the captured net tax capacity in a tax increment financing district necessary to meet the debt repayment obligations of the authority.

REVENUE ANALYSIS DETAIL

- One qualified business is currently located in the Nobles County agricultural processing facility zone and TIF District 1-1.
- The captured local tax increment increase has no impact on the state general fund. The captured increment is not subject to the general local property tax levy, so no shifting of tax burden would occur.

Number of Taxpayers: One business in Nobles County.

Source: Minnesota Department of Revenue
Tax Research Division
http://www.taxes.state.mn.us/taxes/legal_policy

sf1907(hf2273)_1/nrg