

# MINNESOTA • REVENUE

## VARIOUS TAXES International Economic Development Zone

April 5, 2006

Department of Revenue  
Analysis of S.F. 3332 (Rest) / H.F. 3696 (Abrams)

	Yes	No
DOR Administrative Costs/Savings		X

	<u>Fund Impact</u>			
	<u>F.Y. 2006</u>	<u>F.Y. 2007</u>	<u>F.Y. 2008</u>	<u>F.Y. 2009</u>
			(000's)	
General Sales & Use Tax Exemption	\$0	\$0	\$1,800	\$300
Corporate Franchise Tax Exemption	0	0	100	100
Jobs Tax Credit	<u>0</u>	<u>0</u>	<u>0</u>	<u>200</u>
General Fund Total	\$0	\$0	\$1,900	\$600

Effective the day following final enactment.

### EXPLANATION OF THE BILL

**Current Law:** A law enacted in 2005 authorized the creation of an international economic development zone. Zone designation is to be made by June 30, 2006, and it goes into effect on January 1, 2007. The duration of the zone is twelve years. Certain tax benefits are allowed to businesses in the zone.

**Proposed Law:** The bill delays the designation of the zone to June 30, 2008, and the designation would be effective January 1, 2010. Therefore, the start of the twelve-year duration of the zone would be delayed three years. The bill also makes other modifications to provisions related to the zone.

### REVENUE ANALYSIS DETAIL

- Because the bill delays the effective date of the international economic development zone, revenue losses projected for fiscal years 2008 and 2009 cannot occur until fiscal year 2010 and after.
- Revenue loss estimates under current law are those published in the 2006 Tax Expenditure Budget.

Source: Minnesota Department of Revenue  
Tax Research Division  
[http://www.taxes.state.mn.us/taxes/legal\\_policy](http://www.taxes.state.mn.us/taxes/legal_policy)

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