

MINNESOTA • REVENUE

VARIOUS TAXES JOBZ Extension

May 03, 2011

	Yes	No
DOR Administrative Cost/Savings		X

Department of Revenue
Analysis of H.F. 1164 (Murdock) 1st engrossment

Fund Impact

	FY2012	FY2013	FY2014	FY2015
	(000's)			
General Fund	\$0	\$0	\$0	\$0

Effective August 1, 2011.

EXPLANATION OF THE BILL

Current Law: The duration of the Job Opportunity Building Zone (JOBZ) program is twelve years, from January 1, 2004, through December 31, 2015. Qualifying businesses are eligible for tax benefits for the duration of the zone. There are currently three zone duration limit extensions provided, ranging from three to five years.

Proposed Law: The bill would extend the duration of a job opportunity building zone by six years for a business meeting the following conditions:

- a. located in a county with a median household income below 80% of the statewide average;
- b. the qualified business is engaged in the manufacturing of pet foods, and the parcel includes either administrative offices, warehousing and distribution facilities, manufacturing facilities, with capital investment of at least \$22 million; or the qualified business is engaged in the business of coating pre-manufactured components and the parcel includes either administrative offices, warehousing and distribution facilities, manufacturing facilities, with capital investment of at least \$9 million
- c. has a business subsidy agreement executed after April 1, 2011 and before July 1, 2013.

The bill would also extend the duration of a job opportunity building zone by five years for a business meeting the following conditions:

- a. located in a county with a median household income below 80% of the statewide average;
- b. the qualified business is engaged in the manufacturing of agricultural equipment, and the parcel includes either administrative offices, warehousing and distribution facilities, manufacturing facilities, with capital investment of an unspecified amount;
- c. has a business subsidy agreement executed after April 1, 2011 and before July 1, 2013.

REVENUE ANALYSIS DETAIL

- It is assumed that the proposal would impact a total of three businesses, two located in Otter Tail County and one in Jackson County.
- Extending the duration of a zone would provide additional years of JOBZ tax benefits to qualified businesses, which would increase state costs to the general fund beginning in CY 2016.

Number of Taxpayers: Three businesses.

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

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