

**ECONOMIC DEVELOPMENT
Permanent tax reduction for
western border city enterprise zones**

February 26, 2019

	Yes	No
DOR Administrative Cost/Savings		X

Department of Revenue
Analysis of S.F. 1240 (Johnson) / H.F. 1104 (Lien) as introduced

	Fund Impact			
	FY2020	FY2021	FY2022	FY2023
	(000's)			
General Fund	\$0	(\$1,000)	(\$1,000)	(\$1,000)

Effective July 1, 2020

EXPLANATION OF THE BILL

The bill allocates an additional \$1 million annually for income, sales, or property tax reductions to border city enterprise zones for businesses in cities on the western border of the state. The allocations will be apportioned among the cities of Dilworth, East Grand Forks, Moorhead, Ortonville, and Breckenridge by population.

The bill also clarifies language restricting what types of property can qualify for border city enterprise zone tax reductions.

REVENUE ANALYSIS DETAIL

- The annual appropriation of \$1 million will increase state general fund costs beginning in FY 2021.
- A small fraction of the enterprise zone payments are for property tax relief, and will have no impact on homeowner property taxes.

Source: Minnesota Department of Revenue
Property Tax Division - Research Unit
www.revenue.state.mn.us/research_stats/pages/revenue-analyses.aspx

sf1240(hf1104)_pt_1/nrg