

HOUSE RESEARCH

Bill Summary

FILE NUMBER: H.F. 2975
Version: As introduced

DATE: March 17, 2014

Authors: Lien and others

Subject: Border city enterprise zone funding

Analyst: Joel Michael, joel.michael@house.mn

This publication can be made available in alternative formats upon request. Please call 651-296-6753 (voice); or the Minnesota State Relay Service at 1-800-627-3529 (TTY) for assistance. Summaries are also available on our website at: www.house.mn/hrd/.

Overview

This bill provides permanent, annual funding for the border city enterprise zone program of \$5 million with \$2.5 million provided for calendar year 2014. Border cities (Breckenridge, Dilworth, East Grand Forks, Moorhead, and Ortonville) would be allowed to use the money for either of the two programs – the border city enterprise zone or the border city development zone program.

In addition, the bill doubles the cap on business tax credit based on workers' wages from \$1,500 to \$3,000 under the border city enterprise program.

Section

- 1 Permanent zone allocation.** Allocates \$5 million per calendar year to the border city enterprise zone program. These allocation would expire, if they are unused, at the end of the calendar year. Under present law, the one-time allocations carryover until used. As with the one-time allocations, the cities could allocate the amounts between the two programs – the border city enterprise zone and border city development zone program. The latter program is focused on attracting new or expansion businesses, while the enterprise zone program is also available to existing businesses to offset the differential in tax and businesses costs with the neighboring states (North or South Dakota).

Effective date: July 1, 2014, but \$2.5 million is provided for calendar year 2014.

- 2 Business tax credit.** Increase the maximum per worker tax credit that may be provided to border city businesses from \$1,500 to \$3,000.