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State of Minnesota  
HOUSE OF REPRESENTATIVES

EIGHTY-EIGHTH SESSION

H. F. No. 1492

03/13/2013 Authored by Nornes and Davids  
The bill was read for the first time and referred to the Committee on Taxes

1.1 A bill for an act  
1.2 relating to taxation; property; authorizing municipalities to grant property  
1.3 tax exemptions for certain new and expanding business property; amending  
1.4 Minnesota Statutes 2012, section 272.02, by adding a subdivision; proposing  
1.5 coding for new law in Minnesota Statutes, chapter 469.

1.6 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.7 Section 1. Minnesota Statutes 2012, section 272.02, is amended by adding a  
1.8 subdivision to read:

1.9 Subd. 98. **New or expanding business.** Buildings and other improvements of a new  
1.10 or expanding qualified business are exempt for up to five years as provided under section  
1.11 469.1817, except this exemption does not apply to the tax imposed under section 275.025.

1.12 **EFFECTIVE DATE.** This section is effective beginning for property taxes assessed  
1.13 in 2014 and payable in 2015.

1.14 Sec. 2. **[469.1817] PROPERTY TAX EXEMPTION; NEW OR EXPANDING**  
1.15 **BUSINESS.**

1.16 Subdivision 1. **Definitions.** (a) For purposes of this section, the following terms  
1.17 have the meanings given.

1.18 (b) "Municipality" means the statutory or home rule charter city in which the  
1.19 property is located or the county for a property located in an unincorporated area.

1.20 (c) "Qualified business" means a business that intends to construct a new or expand  
1.21 an existing facility in the municipality and that is engaged in:

1.22 (1) the manufacturing or production of tangible personal property, including  
1.23 processing resulting in the change in condition of the property;

2.1 (2) warehousing, storage, and distribution of tangible personal property, excluding  
2.2 retail sales; and

2.3 (3) research and development related to the activities listed in clause (1) or (2).

2.4 Subd. 2. **Authority to grant exemption.** (a) Upon application, the governing  
2.5 body of a municipality may by resolution grant an exemption from property taxation  
2.6 on improvements made by or for a qualified business. The exemption is limited to  
2.7 improvements made after adoption of the resolution. Before adopting the resolution, the  
2.8 governing body must publish notice as required in subdivision 3 and make findings that:

2.9 (1) the qualified business does not compete with other businesses in the county for  
2.10 customers or sales;

2.11 (2) the qualified business would not undertake the investment without the provision  
2.12 of the property tax exemption; and

2.13 (3) granting of the exemption will not adversely affect the property tax base of  
2.14 the city, county, or school district.

2.15 The resolution must specify the duration of the exemption provided, not to exceed five  
2.16 years.

2.17 (b) The municipality must have and retain for a period ending one year after  
2.18 the termination of the property tax exemption under this section supporting written  
2.19 documentation for its findings under paragraph (a).

2.20 Subd. 3. **Hearing and published notice required.** Before granting an exemption  
2.21 under this section, the governing body of the municipality must hold a public hearing after  
2.22 publishing notice in a newspaper of general circulation in the municipality at least once,  
2.23 not less than ten days nor more than 30 days before the date of the hearing. The notice  
2.24 must describe the nature and the expected business use of the planned improvements.

2.25 Subd. 4. **Timing.** Exemptions granted under this section apply to the first  
2.26 assessment year following adoption of the resolution granting the exemption.

2.27 **EFFECTIVE DATE.** This section is effective the day following final enactment  
2.28 and applies beginning for property taxes assessed in 2014 and payable in 2015.