

SENATE
STATE OF MINNESOTA
NINETY-FIRST SESSION

S.F. No. 375

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DATE	D-PG	OFFICIAL STATUS
01/22/2019	138	Introduction and first reading Referred to Taxes

1.1 A bill for an act

1.2 relating to taxation; property; authorizing a state general tax refund for certain

1.3 businesses; requiring a report; appropriating money; proposing coding for new

1.4 law in Minnesota Statutes, chapter 469.

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

1.6 Section 1. **[469.501] STATE GENERAL TAX REFUND.**

1.7 Subdivision 1. **Definitions.** (a) For the purposes of this section, the following terms have

1.8 the meanings given them.

1.9 (b) "Commissioner" means the commissioner of employment and economic development.

1.10 (c) "Employee" and "wages" have the meanings given in section 290.92, subdivision 1.

1.11 (d) "Job creation zone" means an area including one or more contiguous census tracts,

1.12 as determined and measured by the United States Census Bureau, where the unemployment

1.13 rate average for the immediately preceding three years is at least 75 percent higher than the

1.14 statewide average unemployment rate as estimated by the United States Census Bureau

1.15 using data collected in the most recent American Community Survey.

1.16 Subd. 2. **Eligible business.** (a) An eligible business located within the seven-county

1.17 metropolitan area, or located outside the seven-county metropolitan area but in a city with

1.18 a population greater than 40,000, is an employer that: (1) is located in a job creation zone

1.19 as defined in subdivision 1; (2) pays at least 50 percent of the business's total wages to

1.20 employees who reside either within the job creation zone where the business is located or

1.21 any contiguous census tract; and (3) is a for-profit business.

2.1 (b) An eligible business located outside the seven-county metropolitan area and in a city
2.2 or township with a population less than 40,000 is an employer that: (1) pays at least 50
2.3 percent of the business's total wages to employees who reside in any job creation zone not
2.4 located in either the seven-county metropolitan area or in a city located outside the
2.5 seven-county metropolitan area with a population greater than 40,000; and (2) is a for-profit
2.6 business.

2.7 (c) If a business received a refund under this section in the immediately preceding year,
2.8 but does not qualify for a refund in the current year because the business is located in an
2.9 area that no longer meets the requirements of a job creation zone, as defined in subdivision
2.10 1, the business may apply for a onetime refund in the current year equal to one-half the
2.11 amount of the refund issued to the business in the immediately preceding year. A business
2.12 that relocates outside of a job creation zone is not eligible for a refund under this paragraph.

2.13 Subd. 3. **Refund; authorized.** The commissioner may approve an application for a
2.14 refund of the state general tax paid under section 275.025 applicable to that portion of the
2.15 property occupied by an eligible business. The owner of an eligible business must apply
2.16 annually to the commissioner by July 1 of each year on a form prescribed by the
2.17 commissioner in order to receive a refund for that year. Upon approval, the commissioner
2.18 shall notify the commissioner of revenue by September 1. The refund is equal to the state
2.19 general tax payable on the property where the eligible business is located multiplied by a
2.20 ratio, the numerator of which is the area of the property occupied by the eligible business
2.21 and the denominator of which is the total area of the property where the business is located.
2.22 The commissioner of revenue shall pay the amount determined under this section to the
2.23 eligible business owner by December 1.

2.24 Subd. 4. **Appropriation.** The amount necessary to make the refunds under this section
2.25 is appropriated annually from the general fund to the commissioner of revenue.

2.26 Subd. 5. **Report.** By January 15, 2026, the commissioner of employment and economic
2.27 development must provide a written report to the chairs and ranking minority members of
2.28 the legislative committees with jurisdiction over taxes and employment information regarding
2.29 the refunds issued under this section. The report must include, at a minimum, the number
2.30 of refunds issued, the amount of each refund, the identification and location of each business
2.31 that received a refund, and employment data used to determine eligibility under this section.
2.32 The report must comply with sections 3.195 and 3.197.

2.33 Subd. 6. **Sunset.** This section applies to refunds for state general tax payments made for
2.34 taxes payable in 2019 through taxes payable in 2029.

- 3.1 **EFFECTIVE DATE.** This section is effective for applications filed in calendar year
- 3.2 2019 for refunds of the state general tax payable in 2019 through 2029.