

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

April 9, 2025

Department of Revenue

Analysis of H.F. 2931 (Keeler) as proposed to be amended by H2931A2

	Yes	No
DOR Administrative Costs/Savings		X

Fund Impact

	F.Y. 2026	F.Y. 2027	F.Y. 2028	F.Y. 2029
	(000's)			
General Fund	(\$750)	(\$750)	(\$750)	(\$750)

Effective July 1, 2025.

EXPLANATION OF THE BILL

Under current law, \$750,000 is allocated 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 are apportioned among the cities of Dilworth, East Grand Forks, Moorhead, Ortonville, and Breckenridge by population.

The bill would increase the annual allocation by an additional \$750,000 to a total of \$1.5 million. The bill would also:

- increase the maximum income tax credit for additional workers employed in the zone from \$3,000 to \$5,000 per employee per year.
- allow tax reductions to be granted to recreation and entertainment facilities as well as to retail food or beverage service businesses operating under a franchise agreement that requires the business to be located in the state.
- remove the acreage limits for development zones in the cities of Dilworth, Moorhead, and Ortonville, allowing these cities to designate all or any part of the city as a development zone (as is already the case for Breckenridge and East Grand Forks).
- repeal Minnesota Statutes 2024, section 469.171, subdivisions 6 and 6a.

REVENUE ANALYSIS DETAIL

- The annual appropriation increase of \$750,000 will increase state general fund costs beginning in FY 2026.
- 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
<https://www.revenue.state.mn.us/revenue-analyses>

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