



S.F. No. 2754 – Modifying Border City Economic Development Zone Program (as proposed to be amended by A-2)

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SF 2754 makes several changes to the Border City Economic Development Zone Program.

Section 1. Additional border city allocations. Increases, from \$750,000 to \$1,500,000, the annual appropriation to the program. Effective July 1, 2025.

Section 2. Authorized types. (1) Increases the income tax credit available to employers for certain additional workers employed in a border city zone from \$3,000 to \$5,000 per employee per year; (2) eliminates a restriction that to qualify for a tax reduction, a qualifying city must designate an area or areas within the city that is at least 100 acres but less than 400 acres in which the tax reduction may be provided; and (3) allows reductions to be used for reimbursement of land acquisition costs for business expansion within the zone if the city determines that expansion is necessary to prevent relocation outside the state. Effective for taxable years beginning after December 31, 2024.

Section 3. Restriction. Allows tax reductions to be used on recreation or entertainment facilities, private or commercial golf courses, county clubs, massage parlors, tennis clubs, skating facilities including roller skating, skateboard, and ice skating, racquet sports facilities, hot tub facilities, suntan facilities, racetracks, or retail food or beverage facilities operating under a franchise agreement that requires the business to be in Minnesota. Effective the day following final enactment.

Section 4. Designation. Provides that the cities of Dilworth, Moorhead, and Ortonville may designate all or any part of its city as a zone. Effective the day following final enactment.

Section 5. Repealer. Repeals Minnesota Statutes, section 469.171, subdivision 6 (additional border city tax reductions and section 469.171, subdivision 6a (additional border city allocations). Effective the day following final enactment.