

**Property Tax
Economic Development Authority
Hassan Township**

April 4, 2001

	Yes	No
Separate Official Fiscal Note Requested		X
Fiscal Impact		
DOR Administrative Costs/Savings		X

Department of Revenue
Analysis of S.F. 1225 (Limmer) / H.F. 1320 (Lindner)

	<u>Revenue Gain or (Loss)</u>			
	<u>F.Y. 2002</u>	<u>F.Y. 2003</u>	<u>F.Y. 2004</u>	<u>F.Y. 2005</u>
	(000's)			
General Fund	\$0	(Unknown)	(Unknown)	(Unknown)

Effective the day after compliance with M.S. 645.021, subd. 2 and 3.

EXPLANATION OF THE BILL

Current Law: M.S. 469.090 to 469.1081 grant authority for a city to establish an economic development authority (EDA) with the powers and limitations imposed therein. A township is not authorized to create an economic development authority.

Under M.S. 469.101, subd. 1, an EDA may establish economic development districts if the district satisfies the requirements of M.S. 469.174, subd. 10, except that the district’s boundaries must be contiguous. M.S. 469.174, subd. 10, defines the “blight” conditions that must be found to exist for a tax increment financing district to be considered a “redevelopment district.”

Proposed Law: The proposal allows the board of township supervisors of Hassan township (in Hennepin County) to establish an economic development authority in the manner provided by M.S. 469.090 to 469.1081, and to impose limits on the authority as enumerated in M.S. 469.092. The economic development authority will have the powers and duties granted under M.S. 469.090 to 469.1081, and may create and define economic development districts within the township. M.S. 469.174, subd. 10, and the contiguous requirement of M.S. 469.101, subd. 1, do not apply to limit the areas that may be designated as economic development districts.

If the economic development authority is established, the township may exercise all of the powers relating to an economic development authority as granted to a city, including the power to levy a tax to support the activities of the authority.

REVENUE ANALYSIS DETAIL

- New levies generated by the authorized EDA could increase homeowner tax burdens and result in an increase in property tax refunds, but the extent to which this might occur is unknown.
- Any tax increment financing districts created by the authorized EDA could result in aid reductions, but local contributions would presumably be chosen to avoid such aid reductions.
- The capture of tax capacity by any TIF district can affect the tax base upon which a school district may levy, which in turn affects the amount of state aid received by the district. However, the total school aid amount is set to an appropriation, so changes in captured value will only shift the distribution between school districts rather than impact the total amount of state aid.

Number of Taxpayers Affected: Taxpayers in Hassan township would be affected by the proposal.

ADMINISTRATIVE/OPERATIONAL IMPACT

There will be no significant administrative or operational costs or savings to DOR in administration of this bill.

Source: Minnesota Department of Revenue
Tax Research Division
<http://www.taxes.state.mn.us/polic.html#analyses>

sf1225(hf1320)_1 / JN