

PROPERTY TAX
TIF Definition of Small City Exceptions

April 29, 2003

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

Department of Revenue
 Analysis of S.F. 1502 (Kiscaden) Delete Everything Amendment (SCS1505A12)

	Revenue Gain or (Loss)			
	<u>F.Y. 2004</u>	<u>F.Y. 2005</u>	<u>F.Y. 2006</u>	<u>F.Y. 2007</u>
		(000's)		
General Fund	\$0	\$0	\$0	\$0

Effective upon local approval.

EXPLANATION OF THE BILL

Current Law: A tax increment financing (TIF) district that is an economic development district can include “qualified border retail facilities” with a qualified shopping center or more than one retail store. A qualified border retail facilities district must be located in a “small city” within one mile of the border of the state and must be outside the seven-county metropolitan area. Also, revenues derived from an economic development TIF district in a small city may be used to provide improvements, loans, subsidies, grants, interest rate subsidies, or assistance in any form for up to 15,000 square feet of any separately owned commercial facility in a small city.

For TIF purposes, a “small city” is defined as a city that has a population of 5,000 or less and is located ten miles or more from a city within Minnesota with a population of 10,000 or more.

Proposed Law: The amendment exempts four cities from the requirement that they must be located ten miles or more from a city within Minnesota with a population of 10,000 ore more. The cities are Elgin in Wabasha County, and Eyota, Byron, and Oronoco in Olmsted County.

REVENUE ANALYSIS DETAIL

- The proposed change would allow new TIF economic development districts with qualified border retail facilities in the four cities, and it would allow use of economic development TIF district revenue to subsidize small commercial facilities in the four small cities.

Number of Taxpayers Affected: All taxpayers in taxing districts levying on property in the economic development districts would be affected.

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