

MINNESOTA • REVENUE

PROPERTY TAX Brooklyn Center TIF District Extension

February 23, 2004

Department of Revenue
Analysis of H.F. 1907 (Hilstrom)/ S.F. 1983 (Scheid)

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

| | <u>Revenue Gain or (Loss)</u> | | | |
|--------------|-------------------------------|------------------|------------------|------------------|
| | <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: Tax increment financing (TIF) provides a means of financing municipal improvement projects. Types of districts include redevelopment districts, housing districts, economic development districts, soil condition districts, renewal and renovation districts, and hazardous substance districts. Although these types of districts have particular distinguishing characteristics, all commonly possess the authority to retain the tax dollars generated by the “retained captured net tax capacity”. The captured net tax capacity equals the difference between the current year net tax capacity and the original net tax capacity of the properties within the TIF district. (The retained captured net tax capacity is after the subtraction any fiscal disparity or shared value reductions and after any prior year net tax capacity adjustments.) Activity must commence within 5 years of district creation.

Proposed Law: The bill would allow an exception to the five-year rule for TIF District No. 3 in Brooklyn Center by permitting a period of 13 years for commencement of activities within the district.

REVENUE ANALYSIS DETAIL

- ? Brooklyn Center TIF District #3 is a redevelopment district. The bill would allow TIF treatment for redevelopment at and around Brookdale Center that was delayed for various reasons.
- ? The extension of the commencement date is likely to have an impact on the local tax base and tax rate in the future and result in a small increase in property tax refunds paid by the state.

Number of Taxpayers: All taxpayers in the City of Brooklyn Center.

Source: Minnesota Department of Revenue
Tax Research Division
http://www.taxes.state.mn.us/taxes/legal_policy

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