MINNESOTA · REVENUE

PROPERTY TAX
Detroit Lakes TIF District

March 15, 2004

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

Department of Revenue
Analysis of H.F. 2909 (Marquart) / S.F. 2719 (Langseth)

	Revenue Gain or (Loss)			
	F.Y. 2004	**F.Y. 2005**	**F.Y. 2006**	**F.Y. 2007**
		(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 allows the creation of a redevelopment TIF district in Detroit Lakes. The boundary description is given. More than one district may be created. Buildings removed for the Highway 10 Realignment Project are deemed to be structurally substandard. The 3 year limit after demolition of the buildings to request TIF certification does not apply. Authority to approve TIF plans to establish a district under these provisions expires on December 31, 2014.

REVENUE ANALYSIS DETAIL

- The creation of this Detroit Lakes TIF district is related to the Highway 10 realignment project.
- The creation of the district 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 Detroit Lakes.

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

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