

MINNESOTA • REVENUE

PROPERTY TAX Detroit Lakes TIF Pooling

March 31, 2003

Department of Revenue
Analysis of S.F. 446 (Langseth)/ H.F. 567 (Marquart)

	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: M.S. 469.1763 provides several restrictions on the amount of increments that may be “pooled” or spent outside a tax increment financing district (TIF). Subdivision 6 allows pooling to cover deficits in other districts resulting from specified law changes, in 1997, 1998, 1999, and 2001, equal to the lesser of the available increments for the calendar year in the district and increments from other TIF districts, excluding the TIF grant program, or the amount of reduction in increments as a result of the law changes.

Proposed Law: The City of Detroit Lakes would be allowed to pool TIF increments from any of its TIF districts to be used to eliminate a deficit in the increment generated by TIF District 21-1 that is required to pay debt service on obligations issued for the district. This authority would apply to deficits occurring in 2000 and subsequent years.

REVENUE ANALYSIS DETAIL

- The proposed increased use of TIF increment pooling could have the effect of reducing local property tax levies for TIF debt obligations, but the effect on local levies is unknown.

Number of Taxpayers Affected: All taxpayers in jurisdictions levying tax on the property in the TIF district would be affected.

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