

# MINNESOTA • REVENUE

## PROPERTY TAX Duluth Economic Development TIF

April 1, 2003

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

Department of Revenue  
Analysis of S.F. 525 (Solon) / H.F. 597 (Huntley)

	<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:** Minnesota Statutes, Sections 469.174 to 469.178, provide authority for tax increment financing (TIF) and make provisions that govern its use. Several provisions of this law are referenced by this proposal.

Section 469.176, subd. 1b(a)(3), provides that no tax increment be paid to the authority for an economic development TIF district after eight years after receipt of the first increment.

Section 469.176, subd. 4c(a), provides for the purposes for which economic development TIF districts may be organized.

Section 469.177, subd. 12, provides for decertification of economic development TIF districts eight years after receipt by the authority of the first increment.

**Proposed Law:** Upon approval of the governing body of the City of Duluth, the Duluth Economic Development Authority may establish an economic development TIF district for aircraft related facilities. The duration limit of the proposed district is changed from eight to 25 years, its purpose is deemed to meet the purposes in section 469.176 subd. 4c(a), and the decertification limit is changed from eight to 25 years after receipt of the first increment by the authority.

**REVENUE ANALYSIS DETAIL**

- The exceptions to current TIF law granted in this proposal would allow an economic development TIF district to be formed for a new purpose not enumerated in law and would expand the duration from eight to 25 years. The extension of the duration of the district to 25 years may have an impact on homeowner property tax burden and property tax refund payments during the extended period.

**Number of Taxpayers Affected:** All taxpayers in jurisdictions levying on the property in the district will be affected.

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

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