

MINNESOTA • REVENUE

PROPERTY TAX Duluth TIF District

April 1, 2003

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

Department of Revenue
Analysis of S.F. 526 (Solon) / H.F. 607 (Huntley)

	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 June 1, 2003.

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 469.1764 provides for certain requirements for TIF districts where the request for certification of the district or the area added to the district was made after July 31, 1979, and before July 1, 1982. After December 31, 1999, any tax increments must be spent on pre-existing in-district obligations, preexisting outside district obligations, and administrative expenses.

Section 469.176, subd. 4j requires that at least 90% of the revenues derived from tax increments from a redevelopment district or renewal and renovation district must be used to finance the cost of correcting conditions related to redevelopment and renewal.

Proposed Law: The bill would allow the Duluth Economic Development Authority to expend up to \$3 million of tax increments collected from Development District No. 3 on activities located outside the district in a prescribed area, despite the restrictions of section 469.174. The restrictions of section 469.176, subd. 4j, would apply to the proposed expenditures.

REVENUE ANALYSIS DETAIL

- The bill would affect only how increments from one district are spent and would therefore have no impact on state funds.

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

