

MINNESOTA • REVENUE

PROPERTY TAX St. Michael 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. 830 (Ourada)/ H.F. 957 (Borrell)

	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: 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 469.1763 provides restrictions on pooling tax increments, providing that expenditures of tax increments outside of the district where they were derived may not exceed 25% of total increments in most cases.

Section 469.174, Subd. 10, provides for certain conditions that must be met to certify a redevelopment TIF district. Redevelopment districts have a duration of 20 years.

Section 469.176, Subd. 4 and 4j provide limitations on the uses of tax increments in general, and for redevelopment districts in particular. Subdivision 5 limits to 25% the acreage within a redevelopment district that may be owned by an authority unless certain conditions are met.

Proposed Law: A redevelopment TIF district may be established in a specified area of the City of St. Michael. The proposed district may be designated a redevelopment district despite the restrictions of section 469.174, Subd. 10. Despite the restrictions on the use of tax increments in section 469.176, Subd. 4 and 4j, the increments may be used for land acquisition, removal of buildings in the right-of-way acquisition area, and other costs related to the expansion and improvement of marked trunk highway 241 within the city. The restrictions on the amount of acreage that can be acquired by the authority in Section 469.176, Subd. 5, do not apply.

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REVENUE ANALYSIS DETAIL

- The exceptions to the requirements of current TIF law for redevelopment districts granted by this proposal may have the effect of allowing a TIF district that might not otherwise be established.

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

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

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