

MINNESOTA • REVENUE

PROPERTY TAX Richfield TIF District

April 14, 2003

Department of Revenue
Analysis of S.F. 1477 (Pogemiller)

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

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 upon local approval.

EXPLANATION OF THE BILL

Current Law: M.S. 469.174, subd. 10 specifies the circumstances under which a tax increment financing district (TIF) can be considered a redevelopment district with a term of 20 years. Section 469.1763 provides several restrictions on the amount of increments that may be “pooled” or spent outside a TIF district.

Proposed Law: Richfield is authorized to organize a TIF district with specified boundaries that will be deemed a redevelopment district regardless of requirements of section 469.174, subd. 10. Expenditures for activities defined as acquisition of property, clearing of land, site preparation, etc. in section 469.1763, subd. 1(b), are deemed to meet the standard of correcting conditions that allow designation of redevelopment districts, and increments may be spent anywhere in the district despite restrictions imposed in section 469.174, subd. 10.

REVENUE ANALYSIS DETAIL

- Because the proposed exceptions to TIF restrictions on forming redevelopment district may extend the term of the proposed district, the potential extension of the district could cause a tax shift to other property and affect property tax refunds.

Number of Taxpayers Affected: Owners of property in the proposed district would be immediately affected, and all taxpayers levying tax on the district could be affected by the potential extension of the proposed district.

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