MINNESOTA·REVENUE

PROPERTY TAX
Lake County TIF Extension

April 21, 2003

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

Department of Revenue
Analysis of S.F. 1478 (Bakk) / H.F. 1553 (Dill)

	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: M.S. 469.174, subd. 10, specifies the circumstances under which a tax increment financing district (TIF) can be considered a redevelopment district. Section 469.176, subd. 1b, specifies that no tax increment shall be paid for a redevelopment district after 25 years from the date of receipt of the first increment. Section 469.1763 provides methods of making up deficits in TIF funds caused by changes in property taxes in the 2001 legislative session, including elimination of the local general education levy. The methods include use of increments collected in prior years that are currently available to make up insufficiencies in other districts in a municipality.

Proposed Law: The commissioners of the Housing and Redevelopment Authority (HRA) of Lake County may elect to extend the duration of the redevelopment TIF district 1-2 by up to 16 additional years. The amount of additional increment may not exceed the increments that would have been collected if the property tax changes of the 2001 legislative session had not occurred, less the actual increments collected for the term of the district under current law.

REVENUE ANALYSIS DETAIL

- Because the local tax rate may decrease when a TIF district expires, the retention of the district would cause a small increase in residential net taxes, and therefore a small increase in property tax refunds.

Number of Taxpayers Affected: All taxpayers in Lake County.

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

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