

MINNESOTA • REVENUE

PROPERTY TAX TIF Job Training

March 15, 2004

Department of Revenue
Analysis of S.F. 1826 (Rest)

	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 for TIF districts certified after July 31, 1979, and for TIF plans approved or modified after June 30, 2004.

EXPLANATION OF THE BILL

Current Law: Tax increment financing (TIF) provides a means of financing municipal improvement projects. Types of districts include redevelopment districts, housing districts, economic development districts, soil condition districts, renewal and renovation districts, and hazardous substance districts. Although these types of districts have particular distinguishing characteristics, all commonly possess the authority to retain the tax dollars generated by the “retained captured net tax capacity”. The captured net tax capacity equals the difference between the current year net tax capacity and the original net tax capacity of the properties within the TIF district. (The retained captured net tax capacity is after the subtraction any fiscal disparity or shared value reductions and after any prior year net tax capacity adjustments.) Activity must commence within 5 years of district creation.

Proposed Law: The proposal allows tax increments to be spent on job training activities. TIF plans would identify the nature and cost of employee training, and employer. Reimbursed job training is intended to result in new job growth in the district. Training programs must be approved by local workforce councils.

REVENUE ANALYSIS DETAIL

- The number of districts that would take advantage of this provision is unknown.
- An extension of TIF district increment use could have an impact on the local tax base and tax rate in the future and result in a small increase in property tax refunds paid by the state.

Number of Taxpayers: unknown.

Source: Minnesota Department of Revenue
Tax Research Division
http://www.taxes.state.mn.us/taxes/legal_policy