

MINNESOTA • REVENUE

PROPERTY TAX Mounds View TIF District

February 15, 2005

Department of Revenue
Analysis of S.F. 699 (Betzold) / H.F. 726 (Bernardy)

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

	fund impact			
	<u>F.Y. 2006</u>	<u>F.Y. 2007</u>	<u>F.Y. 2008</u>	<u>F.Y. 2009</u>
	(000's)			
General Fund	\$0	\$0	\$0	\$0

Effective upon local approval.

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 bill would allow creation of a new TIF district in Mounds View. The boundaries of the proposed district are described. An exception to the five-year rule for the new district is proposed. Other specified spending limitations pertaining to TIF districts do not apply. The original local tax rate requirement for TIF districts do not apply. The TIF district is defined to be a redevelopment district. Authority to create the district expires December 31, 2019.

REVENUE ANALYSIS DETAIL

- The proposed Mounds View TIF district would be a redevelopment district.
- The creation of the district is likely to 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: All taxpayers in taxing districts levying on property in the TIF district could be affected.

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