MINNESOTA·REVENUE

PROPERTY TAX
St. Paul TIF Subdistricts

March 14, 2005

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

Department of Revenue
Analysis of S.F. 1484 (Moua) / H.F. 1613 (Lesch)

	Fund Impact			
	F.Y. 2006	**F.Y. 2007**	**F.Y. 2008**	**F.Y. 2009**
		(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 of 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 the Housing and Redevelopment Authority of the city of St. Paul to create 17 subdistricts within 4 TIF districts, as specified. All parcels in a listed TIF district must be included in a subdistrict, as designated by the commissioners of the Housing and Redevelopment Authority. Each subdistrict would be treated as a separate TIF district.

REVENUE ANALYSIS DETAIL

- The change may 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

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