

# MINNESOTA • REVENUE

## PROPERTY TAX Winona TIF District Extension

March 15, 2005

Department of Revenue  
Analysis of S.F. 1605 (Kierlin) / H.F. 1698 (Pelowski)

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

	<b>Fund Impact</b>			
	<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 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. Housing and redevelopment districts expire 25 years after receiving their first increment.

**Proposed Law:** The bill would allow the port authority of Winona to extend TIF District 2 to December 31, 2020. Tax increments received after December 31, 2005, must be used to pay capital and administrative costs of transportation improvements related to the Pelzer Street project. Approval of other local jurisdictions is not required.

### REVENUE ANALYSIS DETAIL

- Winona TIF District #2 is a redevelopment district. The district had a captured net tax capacity of \$478,793 in taxes payable 2004.
- The extension of the district’s duration is likely to have an impact on the local tax base and tax rate in the future and may result in a small increase in property tax refunds paid by the state.

**Number of Taxpayers:** All taxpayers in the City of Winona.

Source: Minnesota Department of Revenue  
Tax Research Division  
[http://www.taxes.state.mn.us/taxes/legal\\_policy](http://www.taxes.state.mn.us/taxes/legal_policy)