

MINNESOTA • REVENUE

PROPERTY TAX Minneapolis TIF District

April 6, 2006

	Yes	No
DOR Administrative Costs/Savings		X

Department of Revenue
Analysis of S.F. 3745 (Pogemiller)

Effective upon local approval.

The bill allows a new type of tax increment financing (TIF) district, a homeless assistance TIF district in the city of Minneapolis. The homeless assistance TIF district must be a contiguous area no larger than six acres, be within the boundaries of a city municipal development district, and contain at least two shelters for homeless persons owned or operated by nonprofit organizations. Qualifying nonprofits must be 501(c)(3) organizations, have operated homeless facilities for at least five years, and have been recipients of emergency services grants.

Minneapolis may create one district and must follow most TIF statutes, except where otherwise stated. The duration is limited to 25 years from the receipt of the first increment. Not less than 40% of the increment, after deduction of administrative expenses, shall be used to provide emergency shelter and services. The remainder of the increment shall be spent on the purposes listed in the TIF plan as specified in statute. The district is subject to local approval.

The proposed exceptions to the general TIF provisions may 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.

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

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