

MINNESOTA • REVENUE

PROPERTY TAX Housing Replacement TIF Modifications

January 14, 2010

	Yes	No
DOR Administrative Costs/Savings		X

Department of Revenue
Analysis of H.F. 2511 (Mullery) / S.F. 2255 (Rest)

The bill makes several changes to housing replacement tax increment financing (TIF) districts. First, the bill allows housing replacement TIF districts to expend increments to develop housing that does not exceed 150 percent of the average market value of single family homes in a city if one of the following criteria are met. The parcel must contain a residence with one to four dwelling units that have been vacant for 3 or more months, structurally substandard, is in foreclosure, or is a vacant site. This new authority expires on December 31, 2015, although bonds may continue to be paid.

Second, the bill clarifies that the city of Brooklyn Park may designate the authority for housing replacement projects.

Third, the bill allows the original cities of Crystal, Fridley, Richfield, and Columbia Heights to designate an additional 50 parcels (up to 100 total) to be included in a housing replacement district. The city of Brooklyn Park is added to the list of cities.

Fourth, the requirement for housing replacement districts project costs to be 25% paid by city general funds or levy is deleted.

Fifth, the bill allows the city of St. Paul to exercise specified special law authority without local approval. The special laws refer to the 1995 housing replacement district law.

The proposed exemptions to the general TIF provisions may 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.

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

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