

MINNESOTA • REVENUE

February 25, 2011

PROPERTY TAX Pooled Tax Increments Authorization

	Yes	No
DOR Administrative Cost/Savings		X

Department of Revenue

Analysis of S.F. 0284 (Rest) / H.F. 0445 (Davids) as introduced.

Effective for taxes payable 2012 and thereafter.

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 6 or more months, structurally substandard, is in foreclosure, or is a vacant site. This new authority expires on December 31, 2016, although bonds may continue to be paid.

The proposed changes 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 change in property tax refunds paid by the state.

PROPERTY TAX BENCHMARKS (Minn. Stat. § 270C.991)

*Transparency, Understandability,
Simplicity & Accountability* Neutral

Efficiency & Compliance Neutral

Equity (Vertical & Horizontal) Neutral

Stability & Predictability Neutral

Competitiveness for Businesses Neutral

*Responsiveness to Economic
Conditions* Neutral

The bill is scored on a three point scale (decrease, neutral, increase) for each principle in comparison to current law.

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

sf0284(hf0445)_pt_1/lam