

MINNESOTA • REVENUE

February 15, 2013

PROPERTY TAX Maple Grove TIF

	Yes	No
DOR Administrative Cost/Savings		X

Department of Revenue

Analysis of S.F. 0393 (Limmer) / H.F. 0452 (Zellers) as introduced

EXPLANATION OF THE BILL

The bill creates a soil deficiency tax increment financing (TIF) district for the city of Maple Grove. The project area is defined by legal description. A soil deficiency TIF district is defined as one which has terrain that requires fill and grading for over 80 percent of the area, and that the cost of physical preparation exceeds the fair market value of the property exclusive of roads and local improvements. These rules may apply to any redevelopment, renewal and renovation, soil condition, or soil deficiency district. The city must pass a resolution stating that 70 percent of the district has peat or other soils with geotechnical deficiencies, require substantial fill, contains a landfill, quarry, floodway, or has 30 percent substandard buildings. The five year rule for activity to commence does not apply. The total revenue that may be spent outside the district (but within the project area) is increased from 25 percent to not more than 80 percent. Increments from a soil deficiency district may be collected for 20 years. Increments may be used to acquire parcels, correct terrain or soil deficiencies, install public improvements, and administrative expenses. The authority to establish TIF plans under this statute expires December 31, 2022. Effective upon local approval.

REVENUE ANALYSIS DETAIL

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)

<i>Transparency, Understandability, Simplicity & Accountability</i>	Neutral
<i>Efficiency & Compliance</i>	Neutral
<i>Equity (Vertical & Horizontal)</i>	Neutral
<i>Stability & Predictability</i>	Neutral
<i>Competitiveness for Businesses</i>	Neutral
<i>Responsiveness to Economic Conditions</i>	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
[www.revenue.state.mn.us/research_stats/
pages/revenue-analyses.aspx](http://www.revenue.state.mn.us/research_stats/pages/revenue-analyses.aspx)

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