

PUBLIC FINANCE

Hopkins tax increment financing rules modified

March 28, 2019

	Yes	No
DOR Administrative Cost/Savings		X

Department of Revenue

Analysis of H.F. 1950 (Youakim) / S.F. 2076 (Latz) as introduced

Fund Impact

	<u>FY2020</u>	<u>FY2021</u>	<u>FY2022</u>	<u>FY2023</u>
	(000's)			
General Fund	\$0	\$0	\$0	\$0

Effective following local approval.

EXPLANATION OF THE BILL

Under current law, the redevelopment tax increment financing (TIF) district 2-11 in the city of Hopkins was not allowed to use increments for any activities outside of the district, except for administrative expenses and to pay the costs of qualifying housing activities. The proposal removes these pooling restrictions. It also removes additional rules for the use of increment for redevelopment districts.

Under current law, redevelopment districts are allowed to use no more than 25 percent of increments on activities outside the district. The proposal would increase this limit to 35 percent for TIF district 2-11.

REVENUE ANALYSIS DETAIL

- The proposed changes to this special TIF provision 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.

Source: Minnesota Department of Revenue
Property Tax Division - Research Unit
www.revenue.state.mn.us/research_stats/pages/revenue-analyses.aspx

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