

PUBLIC FINANCE
Champlin TIF district project
requirements modification and eligible
expenditures

March 01, 2019

	Yes	No
DOR Administrative Cost/Savings		x

Department of Revenue

Analysis of S.F. 0214 (Hoffman) / H.F. 0176 (Stephenson) 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

The five-year rule essentially requires development activity for a tax increment financing (TIF) district to be finished within a five-year period that begins with certification of the district's original tax capacity. After this five-year period has expired, increments may only be spent to pay off obligations that were incurred to fund work done during the five-year period or to the extent permitted under the pooling rules. When these obligations are paid or enough money has been collected to pay them, the district must be decertified.

The proposal extends the five-year rule to ten years for the Mississippi Crossings TIF district in the city of Champlin. In addition to extending the five-year rule, the proposal expands the boundaries of the TIF district by adding parcels and adds the cost of acquiring land as an eligible expenditure of revenues from the district. The duration of the district would also be extended by five years. The proposal also exempts the Mississippi Crossings TIF district from the requirements for the use of revenues for decertification.

REVENUE ANALYSIS DETAIL

- The proposed exceptions to special 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.

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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