

PROPERTY TAX

TIF districts located outside the metro five year pooling rule extension to ten years establishment

March 13, 2020

	Yes	No
DOR Administrative Cost/Savings		x

Department of Revenue

Analysis of S.F. 3783 (Sparks) / H.F. 3876 (Petersburg) 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 the day following final enactment.

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 would extend the five-year rule to ten years for redevelopment districts located outside the defined metropolitan area that are certified after June 30, 2020.

REVENUE ANALYSIS DETAIL

- The proposal 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.

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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