

**PROPERTY TAX**

**Authorizing the city of St. Louis Park to use tax increment for certain housing projects**

March 23, 2021

|                                 |            |           |
|---------------------------------|------------|-----------|
|                                 | <b>Yes</b> | <b>No</b> |
| DOR Administrative Cost/Savings |            | x         |

Department of Revenue

Analysis of H.F. 1090 (Youakim) / S.F. 1426 (Latz) as introduced

|              | <b>Fund Impact</b> |               |               |               |
|--------------|--------------------|---------------|---------------|---------------|
|              | <b>FY2022</b>      | <b>FY2023</b> | <b>FY2024</b> | <b>FY2025</b> |
|              | (000's)            |               |               |               |
| General Fund | \$0                | \$0           | \$0           | \$0           |

Effective following local approval.

**EXPLANATION OF THE BILL**

Under current law, pooling rules require that a certain percentage of tax increments must be spent on activities within each tax increment financing (TIF) district. TIF districts may increase, by up to ten percent, the permitted amount of expenditures for activities outside the district if the increase is used for specific purposes, such as low-income housing projects.

The proposal would require that increment from any district for which the economic development authority of St. Louis Park has elected to increase permitted expenditures be used to assist housing development. Increment would be transferred from the tax increment accounts to the St. Louis Park Affordable Housing Trust Fund.

**REVENUE ANALYSIS DETAIL**

- The proposed exceptions to special TIF provisions would have no impact the local tax base or tax rates.
- The proposal would have no impact on the state general fund.

Source: Minnesota Department of Revenue  
 Property Tax Division - Research Unit  
<https://www.revenue.state.mn.us/revenue-analyses>

hf1090(sf1426)\_pt\_3/wms