

**PROPERTY TAX  
TIF Definition of Small Cities  
Modified**

March 7, 2023

Department of Revenue  
Analysis of H.F. 1049 (Brand) / S.F. 1216 (Putnam) as introduced

	Yes	No
DOR Administrative Costs/Savings		X

**Fund Impact**

	<u>F.Y. 2024</u>	<u>F.Y. 2025</u>	<u>F.Y. 2026</u>	<u>F.Y. 2027</u>
	(000's)			
General Fund	\$0	\$0	\$0	\$0

Assumed effective date of August 1, 2023.

**EXPLANATION OF THE BILL**

Under current law, although the general rule does not permit it, small cities may use economic development tax increment finance (TIF) districts for small commercial developments, such as retail and office developments. A small city is a city with a population of 5,000 or less and is located 10 miles or more from of a home rule charter or statutory city with a population of 10,000 or more.

The proposal would change the definition of a small city. A small city would be defined as a city with a population of 5,000 or less and located five miles or more from a home rule charter or statutory city with a population of 10,000 or more.

**REVENUE ANALYSIS DETAIL**

- The proposed changes to the general TIF provisions 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>

hf1049(sf1216) TIF Small Cities\_pt\_1/wms