DEPARTMENT OF REVENUE

PROPERTY TAX
Extend Five-Year Rule for Nonmetropolitan Districts

March 28, 2023

	Yes	No
DOR Administrative Costs/Savings		**X**

Department of Revenue
Analysis of H.F. 1284 (Lislegard) / S.F. 1952 (Kupec) as introduced

	Fund Impact			
	F.Y. 2024	**F.Y. 2025**	**F.Y. 2026**	**F.Y. 2027**
	(000's)			
General Fund	$0	$0	$0	$0

Assumed effective date of August 1, 2023.

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 districts located in a nonmetropolitan county.

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

hf1284(sf2347) TIF Nonmetro Five-Year Rule_pt_1/wms