

HOUSE RESEARCH

Bill Summary

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Subject: Tax Increment Financing (TIF) - City of Wabasha

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Overview

This bill allows the city of Wabasha to extend the duration of a redevelopment TIF district by five years. The bill also extends the 5-year rule to 10 years and permits increments from the district to be spent on construction of the National Eagle Center.

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- 1 TIF, city of Wabasha.** Authorizes three exceptions to general law TIF rules for redevelopment district No. 3 in the city of Wabasha:
- **Duration extension.** The city may extend the duration of the district by five years. Redevelopment districts are subject to a 25-year duration limit.
 - **5-year rule.** The bill extends the 5-year rule to 10 years. The 5-year rule requires the development authority to complete the district's activities within 5 years after approval of the TIF plan. (This can be extended by a reasonable period for expending bond proceeds.)
 - **Use of increment.** The bill permits the city to expend the proceeds of bonds issued before January 1, 2000, for the National Eagle Center and to use increments from the district to pay the bonds. General law prohibits the use of increments to build municipal buildings, community centers, a commons area of a public park, or facilities used for social and recreational areas (except privately owned conference

Section

and meeting facilities). These restrictions were enacted in 1999, but expenditures made under binding contracts or letters of intent entered into before January 1, 2000, were "grandfathered" or exempted from the restrictions.

Effective date : Effective upon local approval by the city of Wabasha; the duration extension requires approval by the county and school, as well as the city.