

HOUSE RESEARCH

Bill Summary

FILE NUMBER: H.F. 3122

DATE: April 5, 2004

Version: As introduced

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Subject: Tax Increment Financing (TIF) - blight test

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Overview

This bill allows old school buildings to automatically meet the TIF law's definition of substandard buildings under the blight test, regardless of their condition, and treats asbestos and lead removal costs as qualifying as expenses under the percentage test.

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- 1** **TIF blight test.** Provides that 30-year old or older school buildings automatically satisfy the definition of substandard buildings under the blight test. A building qualifies as 30 years old, if over half of its square footage was built more than 30 years ago. The TIF plan must provide for demolition or substantial renovation of the building. In addition, the section provides that the cost of removing asbestos and lead qualifies under the percentage test.

Background information. The blight test-the test necessary to qualify an area as a TIF redevelopment district or a renovation and renewal district-requires percentages of buildings in the area to be "substandard." The definition of "substandard" buildings has two components: (1) a verbal test and (2) a percentage test. The verbal test requires a finding of deficiencies in the building that are sufficient to require substantial renovation or clearance. The percentage test is a necessary, but not sufficient, condition for finding that a building is substandard. Thus, a building must meet both the verbal and percentage tests. The percentage test provides that if a building can be brought in compliance with the current building code for less than 15 percent of the cost of building a new building of the same type, it does not qualify. This bill provides that qualifying old school buildings need not meet either test. In

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addition, the cost of asbestos and lead removal-not a typical building code requirement-can be used to meet the percentage test.

Effective date: Districts for which the request for certification is made after June 30, 2004.