

HOUSE RESEARCH

Bill Summary

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Overview

This bill makes changes to two economic development programs administered by the Department of Employment and Economic Development: the contaminated cleanup grant program and the redevelopment grant program. It also clarifies the use of contamination tax proceeds and establishes criteria for the Metropolitan Council to use when awarding pollution cleanup grants. It exempts tax increment financing (TIF) districts located in biotechnology and health sciences industry zones from the pooling and five-year rules in the TIF law.

Section

- 1 Project costs.** Modifies the definition of "project costs," for purposes of the contaminated cleanup grant program, to exclude the cost of related site acquisition.
- 2 Redevelopment costs or costs.** Modifies the definition of "redevelopment costs" or "costs," for purposes of the redevelopment grant program, to exclude the cost of land acquisition.
- 3 Commissioner discretion (redevelopment grants).** Requires the commissioner to award redevelopment grants in each grant cycle such that 50 percent of the grant money is for Greater Minnesota projects and 50 percent is for projects in the metropolitan area. (Under current law, the commissioner can only make grants for projects anywhere in Minnesota upon determining that the grant applications for greater Minnesota projects are less than the amount of grant funds available.) Creates an exception for situations when there are not sufficient grant applications in a grant cycle to allow for a 50-50 split.
- 4 Deposit of revenues (contamination tax).** Clarifies language requiring the commissioner

Section

of revenue to deposit all revenues derived from contamination taxes, interest, and penalties received from the county in the contaminated site cleanup and development grant account in the general fund to specify that the revenues are for the contaminated site cleanup and development program.

- 5 Expenditures outside district.** Clarifies that the public infrastructure expenditures of a pre-existing TIF district in a biotechnology and health sciences industry zone are treated as being "in" the TIF district for purposes of the tax increment financing (TIF) "pooling" rules, if the expenditures are for activities in the zone. Current law provides this treatment for districts created after designation of the zone. The section also clarifies that public infrastructure expenditures are considered as expenditures for activities within the district under the pooling rules, if they are in the zone.
- 6 Five-year rule.** Provides expenditures of a TIF district in a biotechnology and health sciences industry zone are not subject to the "five-year rule," if the expenditures are made for public infrastructure purposes within a zone as permitted under section 0. The five-year rule generally requires the development authority to complete the district's development activities within five years after certification of the district.
- 7 Use of revenues for decertification.** Exempts TIF districts located in a biotechnology and health sciences industry zone from the requirement that the district be decertified when all of the obligations incurred under the five-year rule have been paid. These districts would be allowed to continue until all of the TIF plan's authorized expenditures for activities in the zone are completed.
- 8 Distribution of funds (tax base revitalization account).** Specifies criteria to be considered by the Metropolitan Council when ranking applications for grants for the cleanup of polluted land. Requires the council to give equal weight to preservation or growth of living wage jobs and the production of affordable housing. Defines affordable housing for purposes of this section.