HOUSE RESEARCH
Bill Summary

FILE NUMBER: H.F. 2237 **DATE:** April 21, 2008

Version: Delete everything amendment (H2237DE1)

Authors: Nelson and others

Subject: Mall of America (MOA) financing

Analyst: Joel Michael, joel.michael@house.mn

Overview

This amendment provides a series of mechanisms to help finance a parking ramp for Phase II of the Mall of America (MOA) through (1) diversion of Phase II fiscal disparities tax revenue, (2) modifications of the MOA tax increment financing (TIF) districts, (3) a 1-percent hotel-motel tax in the city of Bloomington, (4) a package of local taxes imposed on MOA, and (5) expanded use of existing lodging tax revenues from the new MOA hotels.

Section

1 **Fiscal disparities exemption.** Diverts the fiscal disparities tax attributable to Phase II of MOA to pay for the parking ramp. In order to qualify for this diversion, the city of Bloomington must impose the lodging tax authorized by section 0by September 15th of the levy year. The diversion of fiscal disparities revenues continues until the cost of the ramp has been paid.

Effective date: Property taxes payable in 2010

2 **Bloomington TIF provisions.** Authorizes the city of Bloomington to transfer 11 parcels of property from the Phase I TIF (No. 1-C) district to the Phase II TIF district (No. 1-G). Because Phase II district's duration runs through 2018 and Phase I district's ends in 2015, this will allow the collection of three additional years of increment.

The tax capacity of the Phase II district would be increased by $10,490, reflecting the parcel

Section

transfer.

Various special requirements are imposed on the Phase II TIF district:

- All increments must be used for public infrastructure costs (e.g., the parking ramp or streets).

- Bloomington is to enter a contract with the developer requiring Phase II to be constructed, to the greatest extent practicable, from American steel as a condition for receiving public assistance.

- The agreement is to require payment of wages sufficient to generate annual income equal to the federal poverty level for a family of four (approximately $21,000). This requirement applies only to full-time, permanent employees. Temporary or seasonal employees are exempt, as are nonprofit employers and businesses with fewer than 50 employees.

- Affordable access to amusement areas of the facility must be provided.

- The developer must enter a labor peace agreement with the labor organization that is most actively engaged in attempting to represent hotel workers in Hennepin and Ramsey counties. The agreement must prohibit boycotts or similar efforts to discourage patronage of the hotel for at least five years. This does not apply to retail operations with less than $250,000 of gross revenues per year.

Effective date : Upon local approval by the city of Bloomington

3 **Local taxing authority.** Authorizes the city of Bloomington to impose several local taxes, the proceeds of which must be used to finance the parking facility for Phase II of MOA:

- **Sales tax:** a general sales and use tax of up to 1 percent on sales within the two MOA TIF districts

- **Lodging tax** : a citywide lodging tax with a rate between 0.75 percent and 1 percent

- **Admissions and recreation tax** : up to a 1-percent tax on admissions to entertainment and recreational facilities and rental of recreational equipment within the MOA TIF districts

- **Food and beverage tax** : up to 3-percent tax on food and beverages for consumption on or off the premises within the MOA TIF districts

Lodging tax proceeds use . Bloomington is authorized to use the proceeds of its existing city lodging tax (notwithstanding restrictions under another law) derived from facilities within the Phase II TIF district for the project, rather than the usual purposes for which

Section

those revenues. That is, the city would be allowed to use its existing lodging tax revenues from the Phase II MOA hotel(s) for the MOA Phase II parking ramp.

Effective date : Upon local approval by the city of Bloomington