

HOUSE RESEARCH

Bill Summary

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Subject: City of North Mankato, special TIF authority

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Overview

This bill authorizes the city of North Mankato to expand the area of a 1990 TIF district without the expanded area meeting the blight test and after the 5-year limit that applies under general law. This will allow the city to use increments from this new area to pay costs incurred for the pre-existing district.

Section

1 Mankato TIF. Authorizes the city of North Mankato to expand the boundaries of a tax increment financing (TIF) district in the city (District No. IDD 1-8) to add a group of parcels designated by the bill. This district is a redevelopment district. General law allows cities to expand the area of TIF districts, but this must be done with 5 years after the district was certified. For redevelopment districts, the expanded area must meet the blight test. This district was certified in 1990 and thus is beyond the 5-year period. The bill exempts the expansion from the requirement of meeting the blight test.

5-year rule. Exempts the enlarged area of the district from the 5-year rule. (This district was created before the 5-year rule applied, but expansions generally are subject to TIF rules in effect when the expansion was made.) The 5-year rule requires the development authority to complete the district's in-district activities within 5 years after certification of the district.

Use of increments. Permits increments to be used to reimburse the city for costs it incurs under the TIF plan, including future amendments of the plan, and to pay for GO TIF bonds issued by for the district.

Effective date: Upon approval by the city of North Mankato.