

Subject City of Brooklyn Park; tax increment financing and property tax special rules authorized

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Overview

This bill authorizes special rules for the city of Brooklyn Park to create multiple redevelopment tax increment financing (TIF) districts within the city. The bill also authorizes the city to establish a value capture district and provides special property tax abatement rules for any property tax abatements used.

Summary

| Section | Description |
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| 1 | City of Brooklyn Park; TIF authority; Village Creek area. |
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Subd. 1. Establishment. Authorizes the city to establish one or more redevelopment districts within the city limited to specified parcels once the current TIF District No. 20 expires.

Subd. 2. Special rules. Allows the following special rules to apply to any district established under subdivision 1:

- exempts from the required blight findings for establishing a redevelopment district;
- deems that any increment spent on development meet the requirement that at least 90 percent of increment be spent on correction of blight conditions;
- allows increment generated from the district established to be spent outside of the district but within the project area defined under subdivision 1 to:
 - acquire and improve public streets and spaces, including public art and landscaping; and
 - perform rehabilitation and façade improvements to residential and commercial buildings;
- exempts from the requirement that proceeds from the sale or lease of property if purchased with increment be classified as increment;

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- exempts from the requirement that no increment be used for developments of a public park or recreational facility;
- exempts from the requirements that 75 percent of increment be spent on activities within the district; and
- exempts from the five-year and six-year rules.

Subd. 3. Expiration. Authorizes the city to establish one or more redevelopment districts subject to the special rules of this section by the end of 2044.

Effective upon local approval and compliance with filing requirements for special laws.

2 **City of Brooklyn Park; TIF authority; 610/Zane area.**

Subd. 1. Establishment. Authorizes the city or its economic development authority to establish one or more redevelopment districts within the city limited to specified parcels.

Subd. 2. Special rules. Allows the following special rules to apply to any district established under subdivision 1:

- exempts from the required blight findings for establishing a redevelopment district;
- deems that any increment spent on development meet the requirement that at least 90 percent of increment be spent on correction of blight conditions;
- allows increment generated from the district established to be spent outside of the district but within the project area defined under subdivision 1 for:
 - improvements that enhance environmental sustainability;
 - rehabilitation and façade improvements to residential and commercial buildings;
 - increased costs of building materials; and
 - purchase of rights-of-way, easements, and construction of new public infrastructure.
- exempts from the requirement that proceeds from the sale or lease of property if purchased with increment be classified as increment;
- exempts from the requirement that no increment be used for developments of a public park or recreational facility;
- exempts from the requirements that 75 percent of increment be spent on activities within the district; and
- exempts from the five-year and six-year rules.

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Subd. 3. Expiration. Authorizes the city to establish one or more redevelopment districts subject to the special rules of this section by the end of 2044.

Effective upon local approval and compliance with filing requirements for special laws.

3 City of Brooklyn Park; TIF authority; biotech area.

Subd. 1. Establishment. Authorizes the city or its economic development authority to establish one or more redevelopment districts within the city limited to specified parcels.

Subd. 2. Special rules. Allows the following special rules to apply to any district established under subdivision 1:

- exempts from the required blight findings for establishing a redevelopment district;
- deems that any increment spent on development meet the requirement that at least 90 percent of increment be spent on correction of blight conditions;
- allows increment generated from the district establish to be spent outside of the district but within the project area defined under subdivision 1 for:
 - improvements that enhance environmental sustainability;
 - rehabilitation and façade improvements to residential and commercial buildings;
 - increased costs of building materials; and
 - purchase of rights-of-way, easements, and construction of new public infrastructure.
- exempts from the requirement that proceeds from the sale or lease of property if purchased with increment be classified as increment;
- exempts from the requirement that no increment be used for developments of a public park or recreational facility;
- exempts from the requirements that 75 percent of increment be spent on activities within the district; and
- exempts from the five-year and six-year rules.

Subd. 3. Expiration. Authorizes the city to establish one or more redevelopment districts subject to the special rules of this section by the end of 2044.

Effective upon local approval and compliance with filing requirements for special laws.

| Section | Description |
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| 4 | <p>City of Brooklyn Park; TIF authority; Districts Nos. 18 and 20.</p> <p>Allows the city to collect increment from TIF Districts Nos. 18 and 20 for 25 years after the date the increment was first collected. Allows increment generated from these districts to be used for TIF District No. 3 located within the city. Any increment generated is not required to be returned to Hennepin County for redistribution under the decertification rules.</p> <p>Effective upon local approval and compliance with filing requirements for special laws.</p> |
| 5 | <p>City of Brooklyn Park; TIF authority; District No. 3.</p> <p>Provides that any increment transferred to the district from District Nos. 18 and 20 is deemed to meet pooling requirements for any increment expended.</p> <p>Effective upon local approval and compliance with filing requirements for special laws.</p> |
| 6 | <p>City of Brooklyn Park; value capture district authorization.</p> <p>Subd. 1. Definitions. Provides definitions to terms used within the section.</p> <p>Subd. 2. Authority to establish and modify district. Authorizes the city to establish a value capture district consisting of parcels within the defined project area. Requires the city to conduct a public hearing at which it must discuss the proposed creation of the district. Allows the city to remove parcels from the district once established.</p> <p>Subd. 3. Calculation of value capture district; administrative provisions. Requires that the county auditor certify the original net tax capacity of the district once it is established in the same manner in which the original net tax capacity for a TIF district is established.</p> <p>Requires the county auditor to calculate revenue generated by the district in each year that the district exists by using the current tax rate as of the year of calculation. Requires the county auditor to pay generated revenue to the city in the same manner as traditional settlement of property taxes.</p> <p>Subd. 4. Permitted uses of district tax revenue. Authorizes the city to use revenue generated by the district on any eligible expenditure that traditional TIF increment may be used for, as well as:</p> <ul style="list-style-type: none">▪ acquiring and improving public streets and infrastructure;▪ acquiring property, site preparation, and financing for transit development and antidisplacement programs; |

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- improving, creating, or supporting arts and cultural facilities;
- performing rehabilitation and façade improvements to residential and commercial buildings;
- providing assistance in any form to support antidisplacement programs; and
- service costs related to planning, design, engagement, and maintenance.

Allows the city to issue bonds for development occurring within the district.

Subd. 5. Duration of the district. Provides that a district established under this section is the earlier of 25 years or the time the city council determines is necessary to collect revenue sufficient to pay the costs of projects authorized under subdivision 4.

Effective upon local approval and compliance with filing requirements for special laws.

7 City of Brooklyn Park; special property tax abatement rules.

Authorizes the city to use property tax abatements to finance the cost of public infrastructure projects within the city. Exempts the city from the following requirements regarding any property tax abatements used to finance public infrastructure projects:

- exempts from the requirements that the abatement be limited to no longer than 15 years; and
- exempts from the limitation that the total amount of property taxes abated not exceed the greater of either ten percent of the net tax capacity of the city for the taxes payable year to which the abatement applies, or \$200,000.

Effective upon local approval and compliance with filing requirements for special laws.



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