

**PROPERTY TAX**

**Authorizing the city of Richfield to use tax increment for certain housing projects**

March 09, 2021

	<b>Yes</b>	<b>No</b>
DOR Administrative Cost/Savings		x

Department of Revenue

Analysis of S.F. 1379 (Wiklund) / H.F. 1666 (Howard) as introduced

	<b>Fund Impact</b>			
	<b>FY2022</b>	<b>FY2023</b>	<b>FY2024</b>	<b>FY2025</b>
	(000's)			
General Fund	\$0	\$0	\$0	\$0

Effective following local approval.

**EXPLANATION OF THE BILL**

Under current law, pooling rules require that 75 percent tax increments must be spent on activities within each redevelopment tax increment financing (TIF) district. Redevelopment districts may spend up to 25 percent of increments on permitted activities outside the district but within a defined project area.

The proposal would allow the city of Richfield or its housing and redevelopment authority to transfer up to 15 percent of tax increment, including amounts previously accumulated, from redevelopment districts within the city to the city's affordable housing trust fund. The authority to transfer tax increments under this proposal would expire on December 31, 2030.

**REVENUE ANALYSIS DETAIL**

- The proposed exceptions to special TIF provisions would have no impact the local tax base or tax rates.
- The proposal would have no impact on the state general fund.

Source: Minnesota Department of Revenue  
 Property Tax Division - Research Unit  
<https://www.revenue.state.mn.us/revenue-analyses>

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