Overview

This bill allows the city of Chanhassen to extend the duration of a pre-1979 TIF district through 2004 to pay off obligations issued before 1999. Under general law, pre-1979 districts may only use increments collected beginning in 2001 to pay off bonds issued before April 1, 1990.

1 **Chanhassen TIF district extension.** Allows the city of Chanhassen to extend the duration of TIF district number 1. This district is a pre-1979 district. Under general law, these districts may not spend increment after April 1, 2001, except to pay obligations issued before April 1, 1990. This bill would allow the city to use increments collected in 2001-04 to pay obligations issued after April 1, 1990 and before January 1, 1999. (Note: the language is susceptible to an interpretation that the increments may also be used to pay other "public redevelopment costs in the project area" aside from these pre-1999 bonds. This probably was not the intent, but rather the language refers to those costs that were paid with pre-1999 bonds.)

This bill, in effect, extends the duration of the district, since general law requires all the increments from pre-1979 districts to be used to pay or defease (i.e., to invest the money in a dedicated account to pay off the bonds early) the pre-April 1, 1990 bonds. If the city did so, the district likely would be decertified and put on the regular tax rolls before the end of 2004, as provided under the bill.

2 **Effective date.** Effective upon local approval by the city, county, and school district. Because this is a district extension, it is subject to local approval by all three affected local governments, not just the city.