Overview

This bill allows the city of Inver Grove Heights to extend the duration of one of its TIF districts to collect two additional years of increment. These increments may only be used to pay outstanding obligations or costs provided in the original TIF plan.

Section

1  **Inver Grove Heights; TIF district extension.** Allows the city of Inver Grove Heights to extend the duration of TIF district No. 3-2 to collect two more years of increment. The legislature in 1993 allowed the city to extend the duration of this district by two years. This bill would extend the district by two more years.

   Increments from this two year extension could only be used:

   - to pay debt service on obligation issued before 1/1/99 or obligations issued to refinance them, or
   - costs provided in the original tax increment financing plan.

**Background.** The 1993 extension by the legislature was justified on the grounds that delays in the start of development had prevented the city from collecting the full eight years of increment then permitted for economic development districts. Economic development districts are subject to two duration limits -- eight years of increments or ten years from plan approval, *whichever is less.* The 1993 legislation permitted the city to collect the full eight years of increment. Under present law, economic development districts are allowed duration limits equal to the lesser of nine years after collecting the first increment or eleven years after approval of the plan.

2  **Effective date.** Provides the extension is effective upon local approval by the city. Although this law is subject to section 469.1782, the bill is silent as to whether the county and school district also must approve the extension. The extension would likely not be effective unless both of these entities approve.