Overview

This bill establishes a redevelopment zone along the Mississippi River in North and Northeast Minneapolis. The purpose of this zone is to relocate existing incompatible businesses (scrap yards, manufacturing, and so forth) and to redevelop the area for housing, recreation, and commercial uses. The bill appropriates $10 million of state money to be used for these activities. Special TIF rules would apply to districts in this zone. These districts would be subject to approval by the metropolitan council. The districts would automatically qualify as redevelopment districts, would have special pooling rules, could spend increments for other than blight correction, and would be exempt from the state aid offset or local contribution requirement.

1 Findings. Finds that:
   State assistance to redevelop the upper harbor area of Minneapolis is justified because it will increase employment, expand the tax base, and improve the aesthetics along the Mississippi River.
   The upper harbor is now underutilized (as scrap yards and so forth).
   The highest and best use of the area is for housing, recreational, and commercial development.

2 Upper harbor development zone. Allows the city of Minneapolis to designate an upper harbor development zone that encompasses a strip on either side of the river between the Plymouth Avenue and Camden bridges.
   The city may approve one or more TIF districts in this zone under special rules (see section 4 below). The boundaries and TIF plans for these districts must be approved by the metropolitan council.
   The city may issue up to $100 million of general obligations (plus issuance costs) for these projects. These bonds may have 35 year terms.

3 Fund. Creates an upper harbor development fund. The revenues of this fund would consist of
the $10 million appropriation under section 7 and TIF revenues. (The bill is not clear whether this is to be a city of Minneapolis fund or a state fund. It appears the former is intended, although some language, particularly in appropriation, may suggest the latter.) The first priority of the fund is to relocate incompatible businesses, the second to redevelop the area. The $10 million state appropriation under section 7 is not available until agreements are made for the relocation of businesses.

4 Special TIF rules. Sets special rules for a TIF district (or subdistricts) created in the upper harbor redevelopment zone. These include:
   - The districts are redevelopment districts without meeting the blight tests.
   - No pooling of increments is allowed. However, pooling is apparently permitted between the 6 "phases" of the district.
   - The district may have up to 6 "phases" with separate 25 year duration limits.
   - Use of increments is not restricted to "blight correction."
   - The original tax rate (which freezes the tax rate when a district is created) does not apply.
   - The state aid offset does not apply, if up to 40% of the increments are used for housing replacement activities. Housing replacement activities may include acquiring and demolishing or rehabilitating existing housing or constructing new housing. Replacement housing can be located outside of the zone.

5 City bonds. Authorizes the city to issue general obligation bonds to finance redevelopment and relocation. The city may pledge money in the upper harbor redevelopment fund to these bonds.

6 Obligations. Provides the bonds are governed by the bond code, chapter 475, and that refunding bonds may be issued.

7 Appropriation. Appropriates $10 million to the commissioner of finance for deposit in the upper harbor redevelopment fund. The commissioner may not release the funds until relocation agreements are entered into under section 3.

8 Effective date. Effective upon local approval by the city, county, and school district.