Overview

This bill exempts a Mendota Heights tax increment financing (TIF) district from the sanction under the 1999 law for pooling increments from a pre-1982 TIF district and permits the city to pool up to $4.5 million from the district for a livable communities development.

Mendota Heights, TIF. Exempts a Mendota Heights TIF district from the 1999 law governing pooling from pre-1982 TIF districts. In effect, it provides the sanction for pre-1982 pooling violations does not apply to this district. The 1999 legislation provided that districts with pre-1982 pooling violations must use their increments after 1999 only to pay pre-existing obligations. The bill, in addition, allows pooling of up to $4.5 million in increment for Mendota Heights' freeway road project, a livable communities mixed used project. Effective upon local approval by the city.

Background information. Prior to 1982, the TIF act did not permit pooling of increments (i.e., spending increments on activities outside of the district area). Districts created between 1982 and 1990 were allowed unlimited pooling. Post-1990 districts were allowed pooling, subject to percentage restrictions. A number of cities pooled increments from pre-1982 districts. After being granted enforcement authority and resources in 1995, the State Auditor began issuing violation letters for these pre-1982 pooling violations. The legislature resolved this situation in 1999 by ratifying past pooling from these districts and requiring districts that had engaged in it to use all future (after 1999) increments only to pay off bonds and decertify the districts. This bill seeks an exemption from that sanction and authority to pool increments from this pre-1982 district.