

HOUSE RESEARCH

Bill Summary

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Overview

This bill allows the city of Medford to qualify as a "small city" under the tax increment financing (TIF) law. Under general law, small cities can use economic development TIF districts for separately owned commercial facilities of 15,000 square feet or less. Medford, however, does not qualify as a small city because it is located within 10 miles or less of a city with a population of 10,000 or more (i.e., Owatonna).

Section

1 **City of Medford, TIF.** Allows the city of Medford to qualify as a "small city" for purposes of the tax increment financing without regard to the "10 mile" requirement. This will allow Medford to use increments from economic development TIF districts for commercial facilities, such as offices and retail.

Background information. Under general law, economic development TIF districts cannot be used for purely commercial developments (e.g., retail and office facilities); they are limited to manufacturing, warehousing, research and development, and telemarketing facilities. However, "small cities" may use economic development districts for separately owned commercial developments of up to 15,000 square feet. A small city must meet two criteria:

It must have a population of 5,000 or less; and

It must be located 10 miles or more from a city with a population of 10,000 or more.

Medford has a population of less than 5,000, but does not meet the 10 mile rule (it is located less than 10 miles from Owatonna).

2 **Effective date.** Provides the bill is effective upon local approval and applies to both new districts and to additions to existing district made after the day following final enactment.