

HOUSE RESEARCH

Bill Summary

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This bill modifies the special law for the city of Oakdale, passed by the legislature in 2008 and modified in 2009, granting the city authority to deviate from general law rules with regard to tax increment financing (TIF) districts created in a defined area of the city. This bill makes two changes in this special law authority:

- The period of time that the city has to establish TIF districts under the special law is extended by four years from 2013 to 2017.
- An exemption is provided to the general law "blighting" rules. The blight test (essentially a requirement that an area contain "blighting" conditions that legally justify creating a redevelopment TIF district) requires that 70 percent of the parcels in an area be occupied by buildings or other qualifying structures and that 50 percent of the buildings be substandard. A parcel can be treated as being occupied by a substandard building, if the parcel was occupied by a substandard building that was demolished with three years of certification of the district and a four-part test is satisfied. The bill provides special rules for meeting this four-part test:
 - o The 3-year time limit between demolition of the building and the certification of the district does not apply.
 - o The requirement that private demolition (if done by the property owner rather than the development authority) be done under a development agreement does not apply.
 - o The adjustment to original net tax capacity (increasing it for any reduction in tax capacity resulting from demolition of the building) does not apply.