

HOUSE RESEARCH

Bill Summary

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Authors: Hansen

Subject: Dakota County Community Development Authority (CDA) - special tax increment financing (TIF) authority

Analyst: Joel Michael, joel.michael@house.mn

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This bill allows the Dakota County CDA to establish a redevelopment TIF district in the city of West St. Paul. This district would consist of the parcels of an existing redevelopment district that is required to be decertified in 2012; the original tax capacity of the district is set at \$93,239. The district is treated as a redevelopment district, but it must be decertified in 2027. (Under general law, a redevelopment district is allowed 26 years of increment, as contrasted with the 15 years allowed to this district. Alternatively, the bill could be viewed as a 15-year extension of the pre-existing district, since the original tax capacity appears to be set as the level of the decertified district.)

This district would be exempt from the blight test (i.e., the rules that restrict areas that qualify as redevelopment districts) and is provided exemptions for the following limits on the spending of redevelopment district increments:

- Increments could be used for improvements, equipment, and other items that serve decorative purposes or whose cost is at least doubled because of the selection of materials and so forth. (General law prohibits these uses, if they are placed outside of the TIF district.)
- The requirement that increments be used for blight correction does not apply.
- The prohibition on using increments for community centers and commons areas of parks does not apply.
- The pooling rules (percentage limits on how much increment may be spent on activities outside of the TIF district) do not apply.

The district's captured tax capacity is included for computing state aid formulas (e.g., local government aid, county program aid, education aid, and so forth).