

# HOUSE RESEARCH

## Bill Summary

**FILE NUMBER:** H.F. 2537 **DATE:** March 2, 2012  
**Version:** As introduced  
**Authors:** Crawford and others  
**Subject:** Tax increment financing (TIF) - extension of 2010 provisions  
**Analyst:** Joel Michael, joel.michael@house.mn

This publication can be made available in alternative formats upon request. Please call 651-296-6753 (voice); or the Minnesota State Relay Service at 1-800-627-3529 (TTY) for assistance. Summaries are also available on our website at: [www.house.mn/hrd](http://www.house.mn/hrd).

---

### Overview

This bill extends by 18 months the special TIF authority granted in the 2010 jobs bill (Laws 2010, chapter 216) for expanded use of economic development districts and surplus increments. The 2011 legislature (Laws 2011, chapter 112) extended this authority by one year.

- 1 Economic development districts.** Extends by 18 months, the 2010 jobs bill's economic development district authority, as extended by the 2011 tax policy bill, from July 1, 2012 through January 1, 2014.

Chapter 216, as amended by chapter 112 allows economic development districts to be used for any type of project if the following conditions are met:

- The municipality finds the project will create new jobs in the state, including construction jobs, and the project otherwise would not have begun before July 1, 2012, without the assistance
- Construction of the project begins no later than July 1, 2012
- The request for certification is made by June 20, 2012

This section would extend each of these dates by 18 months. Under prior law and resuming July 1, 2012, economic development districts could only be used for (1) manufacturing, (2) warehousing, (3) research and development, and (4) tourism in selected counties.

- 2 User of surplus increments.** Extends by 18 months, the 2010 job bill's expanded authority, as extended by Laws 2011, chapter 112, to spend excess and surplus tax increments, notwithstanding the pooling limits, 5-year rule, and so forth. This authority applies to construction of new or substantial rehabilitation of existing buildings, if:

- Construction begins before July 1, 2011
- The development will create new jobs (including construction jobs)
- The development would not have occurred without provision of the assistance

This authority includes the ability to make equity investments in the development, for example, if it is necessary to obtain financing. The municipality (usually the city) must approve and must hold a public hearing with published notice (following the same rules as apply to approving a new TIF plan).

This section extends each of those dates by 18 months. The authority to use these increments for housing, which expired on January 1, 2012, would not be extended by this section.