

City of Austin
Craig Clark,
City Administrator



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Representative Petersburg, Chairman and Members of the Committee,

Thank you for the opportunity to provide a letter of support for HF 3876. I want to first provide you a copy of a picture of a former motel which was located in a prominent location in Austin's downtown adjacent to our post office. I'm sure you will agree this building would meet anyone's definition of "blight" and stood in disrepair for decades.

Unfortunately, Minnesota's Tax Increment Financing (TIF) law essentially encourages the preservation of blight by unnecessarily starting the clock on how long you can capture the increment once the property has been abated. If a community wanted to preserve the greatest TIF duration one is best advised to let the blight stand to preserve the full potential for a 25-year TIF which has the possibility to make projects more feasible. The State should not want a policy that creates an incentive to preserve blight. Yet that is where we stand. Let's better focus on removing the blight and clearing the way for an eventual project, even if it might take a while.

Our communities across rural areas of the state are much different in terms of development than what you'd find in the metropolitan area of Minnesota. Development often takes much longer in a community like Austin and has a much different financial equation than what you would find in the cities. Many projects demand public participation or they don't happen at all. New construction is very costly and we find increased barriers in Austin related to the assessed values as compared to the construction costs (making financing difficult) and limited contractor pools, which makes economic development projects unworkable when compared to those we see in the metro.

Let's put the TIF redevelopment tool on a more proactive approach and increase its effectiveness as a tool for Greater Minnesota. Our community would prefer to allow rural cities to establish the increment basis at time of demolition and holding that value for the eventual new construction, but we also recognize that providing an extension might provide the right amount of flexibility for rural communities to still be able to make projects work. Extending the pooling period for TIF development from 5 years to 10 years just might make finding a developer and putting together the financing possible. We want to drive more economic development projects and ultimately address the removal of blight and return the property to a respectable level of paying property tax and serving the community.

Please consider supporting HF 3876 to allow rural communities an enhanced tool to deliver economic growth to Austin and many other cities across the state.

Sincerely,

A handwritten signature in black ink that reads "Craig Clark". The signature is written in a cursive, flowing style.

Craig Clark, Administrator