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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETY-THIRD SESSION

H. F. No. 263

01/11/2023 Authored by Tabke and Bakeberg The bill was read for the first time and referred to the Committee on Taxes

1.1 A bill for an act
1.2 relating to taxation; tax increment financing; authorizing the city of Shakopee to
1.3 establish a tax increment financing district subject to special rules.

1.4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.5 Section 1. CITY OF SHAKOPEE; TAX INCREMENT FINANCING DISTRICT.

1.6 Subdivision 1. Definitions. (a) For purposes of this section, the following terms have
1.7 the meanings given.

1.8 (b) "City" means the city of Shakopee.

1.9 (c) "Project area" means the following parcels, identified by parcel identification number:
1.10 279160102, 279160110, 279170020, and 279160120.

1.11 (d) "Soil deficiency district" means a type of tax increment financing district consisting
1.12 of a portion of the project area in which the city finds by resolution that the following
1.13 conditions exist:

1.14 (1) unusual terrain or soil deficiencies that occurred over 70 percent of the acreage in
1.15 the district require substantial filling, grading, or other physical preparation for use; and

1.16 (2) the estimated cost of the physical preparation under clause (1), excluding costs
1.17 directly related to roads as defined in Minnesota Statutes, section 160.01, and local
1.18 improvements as described in Minnesota Statutes, sections 429.021, subdivision 1, other
1.19 than clauses (8) to (10), and 430.01, exceeds the fair market value of the land before
1.20 completion of the preparation.

2.1 Subd. 2. **Special rules.** (a) If the city elects, upon the adoption of the tax increment
2.2 financing plan for a district, the rules under this section apply to a redevelopment district,
2.3 renewal and renovation district, soil condition district, or soil deficiency district established
2.4 by the city or a development authority of the city in the project area. The city, or a
2.5 development authority acting on its behalf, may establish one or more soil deficiency districts
2.6 within the project area.

2.7 (b) Prior to or upon the adoption of the first tax increment plan subject to the special
2.8 rules under this subdivision, the city must find by resolution that parcels consisting of at
2.9 least 70 percent of the acreage of the project area, excluding street and railroad rights-of-way,
2.10 are characterized by one or more of the following conditions:

2.11 (1) peat or other soils with geotechnical deficiencies that impair development of
2.12 residential or commercial buildings or infrastructure;

2.13 (2) soils or terrain that requires substantial filling in order to permit the development of
2.14 residential or commercial buildings or infrastructure;

2.15 (3) landfills, dumps, or similar deposits of municipal or private waste;

2.16 (4) quarries or similar resource extraction sites;

2.17 (5) floodways; and

2.18 (6) substandard buildings, within the meaning of Minnesota Statutes, section 469.174,
2.19 subdivision 10.

2.20 (c) For the purposes of paragraph (b), clauses (1) to (5), a parcel is characterized by the
2.21 relevant condition if at least 60 percent of the area of the parcel contains the relevant
2.22 condition. For the purposes of paragraph (b), clause (6), a parcel is characterized by
2.23 substandard buildings if substandard buildings occupy at least 30 percent of the area of the
2.24 parcel.

2.25 (d) The five-year rule under Minnesota Statutes, section 469.1763, subdivision 3, is
2.26 extended to ten years for any district, and the period under Minnesota Statutes, section
2.27 469.1763, subdivision 4, is extended to 11 years.

2.28 (e) Notwithstanding any provision to the contrary in Minnesota Statutes, section 469.1763,
2.29 subdivision 2, paragraph (a), not more than 80 percent of the total revenue derived from tax
2.30 increments paid by properties in any district, measured over the life of the district, may be
2.31 expended on activities outside the district but within the project area.

2.32 (f) For a soil deficiency district:

3.1 (1) increments may be collected through 20 years after the receipt by the authority of
3.2 the first increment from the district; and

3.3 (2) except as otherwise provided in this subdivision, increments may be used only to:

3.4 (i) acquire parcels on which the improvements described in item (ii) will occur;

3.5 (ii) pay for the cost of correcting the unusual terrain or soil deficiencies and the additional
3.6 cost of installing public improvements directly caused by the deficiencies; and

3.7 (iii) pay for the administrative expenses of the authority allocable to the district.

3.8 (g) The authority to approve tax increment financing plans to establish tax increment
3.9 financing districts under this section expires December 31, 2026.

3.10 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
3.11 city of Shakopee and its chief clerical officer comply with the requirements of Minnesota
3.12 Statutes, section 645.021, subdivisions 2 and 3.