DEPARTMENT OF REVENUE

PROPERTY TAX
Maple Grove TIF Special
Rules Authorized

March 5, 2024

	Yes	No
DOR Administrative Costs/Savings		X

Department of Revenue
Analysis of H.F. 3585 (Bahner) / S.F. 3513 (Limmer) as introduced

	Fund Impact			
	F.Y. 2024	**F.Y. 2025**	**F.Y. 2026**	**F.Y. 2027**
		(000's)		
General Fund	$0	$0	$0	$0

Effective following local approval.

EXPLANATION OF THE BILL
Under current law, the city of Maple Grove was allowed to establish tax increment financing (TIF) districts within a defined project area that were subject to special rules as established by the legislature in 2014 and revised in 2017. The project area includes rights-of-way for all present and future highway interchanges abutting the project area.

The proposal would expand the definition of the project area to include rights-of-way for all present and future highway interchanges serving the project area. Some of the special rules that apply to these districts are also modified:

- The five-year rule for development activity to commence is extended from eight years to 13 years.
- The number of years increments from a soil deficiency district may be collected is extended from 20 years to 25 years.
- The area in which increments may be expended on activities outside the district, the area in which increments may be spent on infrastructure costs, and the area in which increments may be used to pay for land acquisition costs are all expanded from the project area to the entire city.
- Increments from a soil deficiency district are allowed to be used to pay for improvements to the Highway 169 and County Road 130 interchange.

REVENUE ANALYSIS DETAIL
- The proposed changes to this special TIF provision may have an impact on the local tax base and tax rate in the future and may result in a small change in property tax refunds paid by the state.

hf3585(sf3513) Maple Grove TIF_pt_1/wms