

ARTICLE ...

TAX INCREMENT FINANCING

Section 1. Minnesota Statutes 2020, section 469.174, subdivision 14, is amended to read:

Subd. 14. **Administrative expenses.** (a) "Administrative expenses" or "administrative costs" means all documented expenditures of an authority other than or municipality, including but not limited to:

(1) amounts paid for services provided by bond counsel, fiscal consultants, and economic development consultants;

(2) allocated expenses and staff time of the authority or municipality for administering a project, including but not limited to preparing the tax increment financing plan, negotiating and preparing agreements, accounting for segregated funds of the district, preparing and submitting required reporting for the district, and reviewing and monitoring compliance with sections 469.174 to 469.1794;

(3) amounts paid to publish annual disclosures and provide notices under section 469.175;

(4) amounts to provide for the usual and customary maintenance and operation of properties purchased with tax increments, including necessary reserves for repairs and the cost of any insurance;

(5) amounts allocated or paid to prepare a development action response plan for a soils condition district or hazardous substance subdistrict; and

(6) amounts used to pay bonds, interfund loans, or other financial obligations to the extent those obligations were used to finance costs described in clauses (1) to (5).

(b) Administrative expenses and administrative costs do not include:

(1) amounts paid for the purchase of land and buildings;

(2) amounts paid to contractors or others providing materials and services, including architectural and engineering services, directly connected with the physical development of the real property in the project, including architectural and engineering services and materials and services for demolition, soil correction, and the construction or installation of public improvements;

(3) relocation benefits paid to or services provided for persons residing or businesses located in the project;

~~(4) amounts used to pay principal or interest on, fund a reserve for, or sell at a discount bonds issued pursuant to section 469.178; or~~

2.1 ~~(5)~~ (4) amounts paid for property taxes or payments in lieu of taxes; and
 2.2 (5) amounts used to pay principal or interest on, fund a reserve for, or sell at a discount
 2.3 bonds issued pursuant to section 469.178 or other financial obligations to the extent those
 2.4 obligations were used to finance costs described in clauses (1) to ~~(3)~~ (4).

2.5 ~~For districts for which the requests for certifications were made before August 1, 1979,~~
 2.6 ~~or after June 30, 1982, "administrative expenses" includes amounts paid for services provided~~
 2.7 ~~by bond counsel, fiscal consultants, and planning or economic development consultants.~~

2.8 This definition does not apply to administrative expenses or administrative costs referenced
 2.9 under section 469.176, subdivision 4h.

2.10 **EFFECTIVE DATE.** This section is effective the day following final enactment and
 2.11 applies to all districts, regardless of when the request for certification was made.

2.12 Sec. 2. Minnesota Statutes 2020, section 469.174, is amended by adding a subdivision to
 2.13 read:

2.14 Subd. 30. **Pay-as-you-go contract and note.** "Pay-as-you-go contract and note" means
 2.15 a written note or contractual obligation under which all of the following apply:

2.16 (1) the note or contractual obligation evidences an authority's commitment to reimburse
 2.17 a developer, property owner, or note holder for the payment of costs of activities, including
 2.18 any interest on unreimbursed costs;

2.19 (2) the reimbursement is made from tax increment revenues identified in the note or
 2.20 contractual obligation as received by a municipality or authority as taxes are paid; and

2.21 (3) the risk that available tax increments may be insufficient to fully reimburse the costs
 2.22 is borne by the developer, property owner, or note holder.

2.23 **EFFECTIVE DATE.** This section is effective the day following final enactment.

2.24 Sec. 3. Minnesota Statutes 2020, section 469.176, subdivision 3, is amended to read:

2.25 Subd. 3. **Limitation on administrative expenses.** (a) For districts for which certification
 2.26 was requested before August 1, 2001, no tax increment shall be used to pay any
 2.27 administrative expenses for a project which exceed ten percent of the total estimated tax
 2.28 increment expenditures authorized by the tax increment financing plan or ten percent of the
 2.29 total tax increment expenditures for the project net of any amounts returned to the county
 2.30 auditor as excess increment; as returned increment under section 469.1763, subdivision 4,
 2.31 paragraph (g); or as remedies under section 469.1771, subdivision 2, whichever is less.

3.1 (b) For districts for which certification was requested after July 31, 2001, no tax increment
3.2 may be used to pay any administrative expenses for a project which exceed ten percent of
3.3 total estimated tax increment expenditures authorized by the tax increment financing plan
3.4 or ten percent of the total tax increments, as defined in section 469.174, subdivision 25,
3.5 clause (1), ~~from~~ received for the district net of any amounts returned to the county auditor
3.6 as excess increment; as returned increment under section 469.1763, subdivision 4, paragraph
3.7 (g); or as remedies under section 469.1771, subdivision 2, whichever is less.

3.8 (c) Increments used to pay the county's administrative expenses under subdivision 4h
3.9 are not subject to the percentage limits in this subdivision.

3.10 (d) Increments defined under section 469.174, subdivision 25, clause (2), used for
3.11 administrative expenses described under section 469.174, subdivision 14, paragraph (a),
3.12 clause (4), are not subject to the percentage limits in this subdivision.

3.13 **EFFECTIVE DATE.** This section is effective the day following final enactment and
3.14 applies to all districts, regardless of when the request for certification was made.

3.15 Sec. 4. Minnesota Statutes 2020, section 469.176, subdivision 4, is amended to read:

3.16 Subd. 4. **Limitation on use of tax increment; general rule.** All revenues derived from
3.17 tax increment shall be used in accordance with the tax increment financing plan. The revenues
3.18 shall be used solely for the following purposes: (1) to pay the principal of and interest on
3.19 bonds issued to finance a project; (2) by a rural development financing authority for the
3.20 purposes stated in section 469.142_;; by a port authority or municipality exercising the powers
3.21 of a port authority to finance or otherwise pay the cost of redevelopment pursuant to sections
3.22 469.048 to 469.068_;; by an economic development authority to finance or otherwise pay
3.23 the cost of redevelopment pursuant to sections 469.090 to 469.108_;; by a housing and
3.24 redevelopment authority or economic development authority to finance or otherwise pay
3.25 public redevelopment costs pursuant to sections 469.001 to 469.047_;; by a municipality or
3.26 economic development authority to finance or otherwise pay the capital and administration
3.27 costs of a development district pursuant to sections 469.124 to 469.133_;; by a municipality
3.28 or authority to finance or otherwise pay the costs of developing and implementing a
3.29 development action response plan_;; by a municipality or redevelopment agency to finance
3.30 or otherwise pay premiums for insurance or other security guaranteeing the payment when
3.31 due of principal of and interest on the bonds pursuant to chapter 462C, sections 469.152 to
3.32 469.165, or both, or to accumulate and maintain a reserve securing the payment when due
3.33 of the principal of and interest on the bonds pursuant to chapter 462C, sections 469.152 to
3.34 469.165, or both, which revenues in the reserve shall not exceed, subsequent to the fifth

4.1 anniversary of the date of issue of the first bond issue secured by the reserve, an amount
4.2 equal to 20 percent of the aggregate principal amount of the outstanding and nondefeased
4.3 bonds secured by the reserve; and (3) to pay administrative expenses.

4.4 **EFFECTIVE DATE.** This section is effective the day following final enactment and
4.5 applies to all districts, regardless of when the request for certification was made.

4.6 Sec. 5. Minnesota Statutes 2020, section 469.176, subdivision 4c, is amended to read:

4.7 Subd. 4c. **Economic development districts.** (a) Revenue derived from tax increment
4.8 from an economic development district may not be used to provide improvements, loans,
4.9 subsidies, grants, interest rate subsidies, or assistance in any form to developments consisting
4.10 of buildings and ancillary facilities, if more than 15 percent of the buildings and facilities
4.11 (determined on the basis of square footage) are used for a purpose other than:

4.12 (1) the manufacturing or production of tangible personal property, including processing
4.13 resulting in the change in condition of the property;

4.14 (2) warehousing, storage, and distribution of tangible personal property, excluding retail
4.15 sales;

4.16 (3) research and development related to the activities listed in clause (1) or (2);

4.17 (4) telemarketing if that activity is the exclusive use of the property;

4.18 (5) tourism facilities;

4.19 (6) space necessary for and related to the activities listed in clauses (1) to (5); or

4.20 (7) a workforce housing project that satisfies the requirements of paragraph (d).

4.21 (b) Notwithstanding the provisions of this subdivision, revenues derived from tax
4.22 increment from an economic development district may be used to provide improvements,
4.23 loans, subsidies, grants, interest rate subsidies, or assistance in any form for up to 15,000
4.24 square feet of any separately owned commercial facility located within the municipal
4.25 jurisdiction of a small city, if the revenues derived from increments are spent only to assist
4.26 the facility directly or for administrative expenses, the assistance is necessary to develop
4.27 the facility, and all of the increments, except those for administrative expenses, are spent
4.28 only for activities within the district. If the separately owned commercial facility is a
4.29 multilevel facility, the 15,000 square feet limitation under this paragraph shall apply to the
4.30 first floor only. For purposes of this paragraph, "first floor" means the floor at street level.

4.31 (c) A city is a small city for purposes of this subdivision if the city was a small city in
4.32 the year in which the request for certification was made and applies for the rest of the

5.1 duration of the district, regardless of whether the city qualifies or ceases to qualify as a
5.2 small city.

5.3 (d) A project qualifies as a workforce housing project under this subdivision if:

5.4 (1) increments from the district are used exclusively to assist in the acquisition of
5.5 property; construction of improvements; and provision of loans or subsidies, grants, interest
5.6 rate subsidies, public infrastructure, and related financing costs for rental housing
5.7 developments in the municipality;

5.8 (2) the governing body of the municipality made the findings for the project required
5.9 by section 469.175, subdivision 3, paragraph (f); and

5.10 (3) the governing bodies of the county and the school district, following receipt, review,
5.11 and discussion of the materials required by section 469.175, subdivision 2, for the tax
5.12 increment financing district, have each approved the tax increment financing plan, by
5.13 resolution.

5.14 **EFFECTIVE DATE.** This section is effective for districts for which the request for
5.15 certification was made after December 31, 2021.

5.16 Sec. 6. Minnesota Statutes 2021 Supplement, section 469.1763, subdivision 2, is amended
5.17 to read:

5.18 Subd. 2. **Expenditures outside district.** (a) For each tax increment financing district,
5.19 an amount equal to at least 75 percent of the total revenue derived from tax increments paid
5.20 by properties in the district must be expended on activities in the district or to pay bonds,
5.21 to the extent that the proceeds of the bonds were used to finance activities in the district or
5.22 to pay, or secure payment of, debt service on credit enhanced bonds. For districts, other
5.23 than redevelopment districts for which the request for certification was made after June 30,
5.24 1995, the in-district percentage for purposes of the preceding sentence is 80 percent. Not
5.25 more than 25 percent of the total revenue derived from tax increments paid by properties
5.26 in the district may be expended, through a development fund or otherwise, on activities
5.27 outside of the district but within the defined geographic area of the project except to pay,
5.28 or secure payment of, debt service on credit enhanced bonds. For districts, other than
5.29 redevelopment districts for which the request for certification was made after June 30, 1995,
5.30 the pooling percentage for purposes of the preceding sentence is 20 percent. The revenues
5.31 derived from tax increments paid by properties in the district that are expended on costs
5.32 under section 469.176, subdivision 4h, paragraph (b), may be deducted first before calculating
5.33 the percentages that must be expended within and without the district.

6.1 (b) In the case of a housing district, a housing project, as defined in section 469.174,
6.2 subdivision 11, is an activity in the district.

6.3 (c) All administrative expenses are considered to be expenditures for activities outside
6.4 of the district, except that if the only expenses for activities outside of the district under this
6.5 subdivision are for the purposes described in paragraph (d), administrative expenses will
6.6 be considered as expenditures for activities in the district.

6.7 (d) The authority may elect, in the tax increment financing plan for the district, to increase
6.8 by up to ten percentage points the permitted amount of expenditures for activities located
6.9 outside the geographic area of the district under paragraph (a). As permitted by section
6.10 469.176, subdivision 4k, the expenditures, including the permitted expenditures under
6.11 paragraph (a), need not be made within the geographic area of the project. Expenditures
6.12 that meet the requirements of this paragraph are legally permitted expenditures of the district,
6.13 notwithstanding section 469.176, subdivisions 4b, 4c, and 4j. To qualify for the increase
6.14 under this paragraph, the expenditures must:

6.15 (1) be used exclusively to assist housing that meets the requirement for a qualified
6.16 low-income building, as that term is used in section 42 of the Internal Revenue Code; and

6.17 (2) not exceed the qualified basis of the housing, as defined under section 42(c) of the
6.18 Internal Revenue Code, less the amount of any credit allowed under section 42 of the Internal
6.19 Revenue Code; and

6.20 (3) be used to:

6.21 (i) acquire and prepare the site of the housing;

6.22 (ii) acquire, construct, or rehabilitate the housing; or

6.23 (iii) make public improvements directly related to the housing; or

6.24 (4) be used to develop housing:

6.25 (i) if the market value of the housing does not exceed the lesser of:

6.26 (A) 150 percent of the average market value of single-family homes in that municipality;

6.27 or

6.28 (B) \$200,000 for municipalities located in the metropolitan area, as defined in section
6.29 473.121, or \$125,000 for all other municipalities; and

6.30 (ii) if the expenditures are used to pay the cost of site acquisition, relocation, demolition
6.31 of existing structures, site preparation, and pollution abatement on one or more parcels, if
6.32 the parcel contains a residence containing one to four family dwelling units that has been

7.1 vacant for six or more months and is in foreclosure as defined in section 325N.10, subdivision
 7.2 7, but without regard to whether the residence is the owner's principal residence, and only
 7.3 after the redemption period has expired; or

7.4 (5) to assist owner-occupied housing that meets the requirements of section 469.1761,
 7.5 subdivision 2.

7.6 (e) The authority under paragraph (d), clause (4), expires on December 31, 2016.
 7.7 Increments may continue to be expended under this authority after that date, if they are used
 7.8 to pay bonds or binding contracts that would qualify under subdivision 3, paragraph (a), if
 7.9 December 31, 2016, is considered to be the last date of the five-year period after certification
 7.10 under that provision.

7.11 (f) For purposes of determining whether the minimum percentage of expenditures for
 7.12 activities in the district and maximum percentages of expenditures allowed on activities
 7.13 outside the district have been met under this subdivision, any amounts returned to the county
 7.14 auditor as excess increment, as returned increment under subdivision 4, paragraph (g), or
 7.15 as remedies under section 469.1771, subdivision 2, shall first be subtracted from the total
 7.16 revenues derived from tax increments paid by properties in the district. Any other amounts
 7.17 returned to the county auditor for purposes other than a remedy under section 469.1771,
 7.18 subdivision 3, are considered to be expenditures for activities in the district.

7.19 **EFFECTIVE DATE.** This section is effective the day following final enactment and
 7.20 applies to all districts with a request for certification date after April 30, 1990, except that
 7.21 paragraph (f) shall apply to districts decertifying after December 31, 2022.

7.22 Sec. 7. Minnesota Statutes 2021 Supplement, section 469.1763, subdivision 3, is amended
 7.23 to read:

7.24 Subd. 3. **Five-year rule.** (a) Revenues derived from tax increments paid by properties
 7.25 in the district ~~that are considered to have been~~ expended on an activity within the district
 7.26 ~~under~~ will instead be considered to have been expended on an activity outside the district
 7.27 for purposes of subdivision 2 only if one of the following occurs unless:

7.28 (1) before or within five years after certification of the district, the revenues are actually
 7.29 paid to a third party with respect to the activity;

7.30 (2) bonds, the proceeds of which must be used to finance the activity, are issued and
 7.31 sold to a third party before or within five years after certification of the district, the revenues
 7.32 are spent to repay the bonds, and the proceeds of the bonds either are, on the date of issuance,
 7.33 reasonably expected to be spent before the end of the later of (i) the five-year period, or (ii)

8.1 a reasonable temporary period within the meaning of the use of that term under section
 8.2 148(c)(1) of the Internal Revenue Code, or are deposited in a reasonably required reserve
 8.3 or replacement fund;

8.4 (3) binding contracts with a third party are entered into for performance of the activity
 8.5 before or within five years after certification of the district and the revenues are spent under
 8.6 the contractual obligation;

8.7 (4) costs with respect to the activity are paid before or within five years after certification
 8.8 of the district and the revenues are spent to reimburse a party for payment of the costs,
 8.9 including interest on unreimbursed costs; or

8.10 (5) ~~expenditures are made~~ revenues are spent for housing purposes as permitted described
 8.11 by subdivision 2, paragraphs paragraph (b) and (d), or for public infrastructure purposes
 8.12 within a zone as permitted by subdivision 2, paragraph (e).

8.13 (b) For purposes of this subdivision, bonds include subsequent refunding bonds if the
 8.14 original refunded bonds meet the requirements of paragraph (a), clause (2).

8.15 (c) For a redevelopment district or a renewal and renovation district certified after June
 8.16 30, 2003, and before April 20, 2009, the five-year periods described in paragraph (a) are
 8.17 extended to ten years after certification of the district. For a redevelopment district certified
 8.18 after April 20, 2009, and before June 30, 2012, the five-year periods described in paragraph
 8.19 (a) are extended to eight years after certification of the district. This extension is provided
 8.20 primarily to accommodate delays in development activities due to unanticipated economic
 8.21 circumstances.

8.22 (d) For a redevelopment district that was certified after December 31, 2017, and before
 8.23 June 30, 2020, the five-year periods described in paragraph (a) are extended to eight years
 8.24 after certification of the district.

8.25 **EFFECTIVE DATE.** This section is effective the day following final enactment and
 8.26 applies to all districts with a request for certification date after April 30, 1990.

8.27 Sec. 8. Minnesota Statutes 2021 Supplement, section 469.1763, subdivision 4, is amended
 8.28 to read:

8.29 **Subd. 4. Use of revenues for decertification.** ~~(a) In each year beginning with the sixth~~
 8.30 ~~year following certification of the district, or beginning with the ninth year following~~
 8.31 ~~certification of the district for districts whose five-year rule is extended to eight years under~~
 8.32 ~~subdivision 3, paragraph (d), if the applicable in-district percent of the revenues derived~~
 8.33 ~~from tax increments paid by properties in the district exceeds the amount of expenditures~~

9.1 ~~that have been made for costs permitted under subdivision 3, an amount equal to the~~
 9.2 ~~difference between the in-district percent of the revenues derived from tax increments paid~~
 9.3 ~~by properties in the district and the amount of expenditures that have been made for costs~~
 9.4 ~~permitted under subdivision 3 must be used and only used to pay or defease the following~~
 9.5 ~~or be set aside to pay the following:~~

9.6 ~~(1) outstanding bonds, as defined in subdivision 3, paragraphs (a), clause (2), and (b);~~

9.7 ~~(2) contracts, as defined in subdivision 3, paragraph (a), clauses (3) and (4);~~

9.8 ~~(3) credit enhanced bonds to which the revenues derived from tax increments are pledged,~~
 9.9 ~~but only to the extent that revenues of the district for which the credit enhanced bonds were~~
 9.10 ~~issued are insufficient to pay the bonds and to the extent that the increments from the~~
 9.11 ~~applicable pooling percent share for the district are insufficient; or~~

9.12 ~~(4) the amount provided by the tax increment financing plan to be paid under subdivision~~
 9.13 ~~2, paragraphs (b), (d), and (e).~~

9.14 ~~(b) The~~ (a) Beginning with the sixth year following certification of the district, or
 9.15 beginning with the year following the extended period for districts whose five-year period
 9.16 is extended under subdivision 3, paragraphs (c) and (d), a district must be decertified and
 9.17 the pledge of tax increment discharged when the outstanding bonds have been defeased and
 9.18 when sufficient money has been set aside to pay, based on the product of the applicable
 9.19 in-district percentage multiplied by the increment to be cumulative revenues derived from
 9.20 tax increments paid by properties in the district that have been collected through the end of
 9.21 the calendar year, equals or exceeds an amount sufficient to pay the following amounts:

9.22 ~~(1) contractual~~ any costs and obligations as defined described in subdivision 3, paragraph
 9.23 paragraphs (a), clauses (3) and (4); and (b), excluding those under a qualifying pay-as-you-go
 9.24 contract and note;

9.25 ~~(2) the amount specified in the tax increment financing plan for activities qualifying~~
 9.26 ~~under subdivision 2, paragraph (b), that have not been funded with the proceeds of bonds~~
 9.27 ~~qualifying under paragraph (a), clause (1); and~~

9.28 ~~(3) the additional expenditures permitted by the tax increment financing plan for housing~~
 9.29 ~~activities under an election under subdivision 2, paragraph (d), that have not been funded~~
 9.30 ~~with the proceeds of bonds qualifying under paragraph (a), clause (1).~~

9.31 (2) any accrued interest on the costs and obligations in clause (1), payable in accordance
 9.32 with the terms thereof; and

10.1 (3) any administrative expenses falling within the exception in subdivision 2, paragraph
10.2 (c).

10.3 (b) For districts with an outstanding qualifying pay-as-you-go contract and note, the
10.4 required decertification under paragraph (a) is deferred until the end of the remaining term
10.5 of the last outstanding qualifying pay-as-you-go contract and note, and the applicable
10.6 in-district percentage of cumulative revenues derived from tax increments paid by properties
10.7 in the district are sufficient to pay the obligations identified in subdivision 3, paragraphs
10.8 (a) and (b), provided that the deferral shall not exceed the district's duration limit under
10.9 section 469.176. During the deferral, beginning at the time paragraph (a) would otherwise
10.10 require decertification, the authority must annually either:

10.11 (1) remove from the district, by the end of the year, all parcels that will no longer have
10.12 their tax increment revenue pledged or subject to a qualifying pay-as-you-go contract and
10.13 note or other costs and obligations described in subdivision 3, paragraphs (a) and (b), after
10.14 the end of the year; or

10.15 (2) use the applicable in-district percentage of revenues derived from tax increments
10.16 paid by those parcels to prepay an outstanding qualifying pay-as-you-go contract and note
10.17 of the district or other costs and obligations described in subdivision 3, paragraphs (a) and
10.18 (b), or to accumulate and use revenues derived from tax increments paid by those parcels
10.19 as permitted under paragraph (i).

10.20 The authority must remove any parcels as required by this paragraph by modification
10.21 of the tax increment financing plan and notify the county auditor of the removed parcels by
10.22 the end of the same calendar year. Notwithstanding section 469.175, subdivision 4,
10.23 paragraphs (b), clause (1), and (e), the notice, discussion, public hearing, and findings
10.24 required for approval of the original plan are not required for such a modification.

10.25 (c) Notwithstanding paragraph (a) or (b), if tax increment was pledged prior to August
10.26 1, 2022, to a bond other than a pay-as-you-go contract and note or interfund loan, and the
10.27 proceeds of the bond were used solely or in part to pay authorized costs for activities outside
10.28 the district, the requirement to decertify under paragraph (a) or remove parcels under
10.29 paragraph (b) shall not apply prior to the bond being fully paid or defeased.

10.30 (d) For purposes of this subdivision, "applicable in-district percentage" means the
10.31 percentage of tax increment revenue that is restricted for expenditures within the district,
10.32 as determined under subdivision 2, paragraphs (a) and (d), for the district.

11.1 (e) For purposes of this subdivision, "qualifying pay-as-you-go contract and note" means
11.2 a pay-as-you-go contract and note that is considered to be for activities within the district
11.3 under subdivision 3, paragraph (a).

11.4 (f) For purposes of this subdivision, the reference in paragraph (a) to cumulative revenues
11.5 derived from tax increments paid by properties in the district through the end of the calendar
11.6 year shall include any final settlement distributions made in the following January. For
11.7 purposes of the calculation in paragraph (a), any amounts returned to the county auditor as
11.8 excess increment or as remedies under section 469.1771, subdivision 2, shall first be
11.9 subtracted from the cumulative revenues derived from tax increments paid by properties in
11.10 the district.

11.11 (g) The timing and implementation of a decertification pursuant to paragraphs (a) and
11.12 (b) shall be subject to the following:

11.13 (1) when a decertification is required under paragraph (a) and not deferred under
11.14 paragraph (b), the authority must, as soon as practical and no later than the final settlement
11.15 distribution date of January 25 as identified in section 276.111 for the property taxes payable
11.16 in the calendar year identified in paragraph (a), make the decertification by resolution
11.17 effective for the end of the calendar year identified in paragraph (a), and communicate the
11.18 decertification to the county auditor;

11.19 (2) when a decertification is deferred under paragraph (b), the authority must, by
11.20 December 31 of the year in which the last qualifying pay-as-you-go contract and note reaches
11.21 termination, make the decertification by resolution effective for the end of that calendar
11.22 year and communicate the decertification to the county auditor;

11.23 (3) if the county auditor is unable to prevent tax increments from being calculated for
11.24 taxes payable in the year following the year for which the decertification is made effective,
11.25 the county auditor may redistribute the tax increments in the same manner as excess
11.26 increments under section 469.176, subdivision 2, paragraph (c), clause (4), without first
11.27 distributing them to the authority; and

11.28 (4) if tax increments are distributed to an authority for a taxes payable year after the year
11.29 for which the decertification was required to be effective, the authority must return the
11.30 amount of the distributions to the county auditor for redistribution in the same manner as
11.31 excess increments under section 469.176, subdivision 2, paragraph (c), clause (4).

11.32 (h) The provisions of this subdivision do not apply to a housing district.

12.1 (i) Notwithstanding anything to the contrary in paragraph (a) or (b), if an authority has
 12.2 made the election in the tax increment financing plan for the district under subdivision 2,
 12.3 paragraph (d), then the requirement to decertify under paragraph (a) or remove parcels under
 12.4 paragraph (b) shall not apply prior to such time that the accumulated revenues derived from
 12.5 tax increments paid by properties in the district that are eligible to be expended for housing
 12.6 purposes described under subdivision 2, paragraph (d), equals the lesser of the amount the
 12.7 authority is permitted to expend for housing purposes described under subdivision 2,
 12.8 paragraph (d), or the amount authorized for such purposes in the tax increment financing
 12.9 plan. Increment revenues collected after the district would have decertified under paragraph
 12.10 (a) or from parcels which otherwise would be subject to removal under paragraph (b), absent
 12.11 the exception of this paragraph, shall be used solely for housing purposes as described in
 12.12 subdivision 2, paragraph (d).

12.13 **EFFECTIVE DATE.** This section is effective the day following final enactment and
 12.14 applies to all districts with a request for certification after April 30, 1990, except that the
 12.15 requirements under paragraph (b) to remove parcels or use revenues from such parcels as
 12.16 prescribed in paragraph (b) apply only to districts for which the request for certification
 12.17 was made after the day following final enactment.

12.18 Sec. 9. Minnesota Statutes 2020, section 469.1763, subdivision 6, is amended to read:

12.19 Subd. 6. **Pooling permitted for deficits.** (a) This subdivision applies only to districts
 12.20 for which the request for certification was made before August 1, 2001, and without regard
 12.21 to whether the request for certification was made prior to August 1, 1979.

12.22 (b) The municipality for the district may transfer available increments from another tax
 12.23 increment financing district located in the municipality, if the transfer is necessary to
 12.24 eliminate a deficit in the district to which the increments are transferred. The municipality
 12.25 may transfer increments as provided by this subdivision without regard to whether the
 12.26 transfer or expenditure is authorized by the tax increment financing plan for the district
 12.27 from which the transfer is made. A deficit in the district for purposes of this subdivision
 12.28 means the lesser of the following two amounts:

12.29 (1)~~(i)~~ the amount due during the calendar year to pay preexisting obligations of the
 12.30 district; minus the sum of

12.31 ~~(ii)~~ (i) the total increments collected or to be collected from properties located within
 12.32 the district that are available for the calendar year including amounts collected in prior years
 12.33 that are currently available; plus

13.1 ~~(iii)~~ (ii) total increments from properties located in other districts in the municipality
13.2 including amounts collected in prior years that are available to be used to meet the district's
13.3 obligations under this section, excluding this subdivision, or other provisions of law; or

13.4 (2) the reduction in increments collected from properties located in the district for the
13.5 calendar year as a result of the changes in classification rates in Laws 1997, chapter 231,
13.6 article 1; Laws 1998, chapter 389, article 2; and Laws 1999, chapter 243, and Laws 2001,
13.7 First Special Session chapter 5, or the elimination of the general education tax levy under
13.8 Laws 2001, First Special Session chapter 5.

13.9 The authority may compute the deficit amount under clause (1) only (without regard to
13.10 the limit under clause (2)) if the authority makes an irrevocable commitment, by resolution,
13.11 to use increments from the district to which increments are to be transferred and any
13.12 transferred increments are only used to pay preexisting obligations and administrative
13.13 expenses for the district that are required to be paid under section 469.176, subdivision 4h,
13.14 paragraph (a).

13.15 (c) A preexisting obligation means:

13.16 (1) bonds issued and sold before August 1, 2001, or bonds issued pursuant to a binding
13.17 contract requiring the issuance of bonds entered into before July 1, 2001, and bonds issued
13.18 to refund such bonds or to reimburse expenditures made in conjunction with a signed
13.19 contractual agreement entered into before August 1, 2001, to the extent that the bonds are
13.20 secured by a pledge of increments from the tax increment financing district; and

13.21 (2) binding contracts entered into before August 1, 2001, to the extent that the contracts
13.22 require payments secured by a pledge of increments from the tax increment financing district.

13.23 (d) The municipality may require a development authority, other than a seaway port
13.24 authority, to transfer available increments including amounts collected in prior years that
13.25 are currently available for any of its tax increment financing districts in the municipality to
13.26 make up an insufficiency in another district in the municipality, regardless of whether the
13.27 district was established by the development authority or another development authority.

13.28 This authority applies notwithstanding any law to the contrary, but applies only to a
13.29 development authority that:

13.30 (1) was established by the municipality; or

13.31 (2) the governing body of which is appointed, in whole or part, by the municipality or
13.32 an officer of the municipality or which consists, in whole or part, of members of the
13.33 governing body of the municipality. The municipality may use this authority only after it

14.1 has first used all available increments of the receiving development authority to eliminate
14.2 the insufficiency and exercised any permitted action under section 469.1792, subdivision
14.3 3, for preexisting districts of the receiving development authority to eliminate the
14.4 insufficiency.

14.5 (e) The authority under this subdivision to spend tax increments outside of the area of
14.6 the district from which the tax increments were collected:

14.7 (1) is an exception to the restrictions under section 469.176, subdivisions 4b, 4c, 4d, 4e,
14.8 4i, and 4j; the expenditure limits under section 469.176, subdivision 1c; and the other
14.9 provisions of this section; and the percentage restrictions under subdivision 2 must be
14.10 calculated after deducting increments spent under this subdivision from the total increments
14.11 for the district; and

14.12 (2) applies notwithstanding the provisions of the Tax Increment Financing Act in effect
14.13 for districts for which the request for certification was made before June 30, 1982, or any
14.14 other law to the contrary.

14.15 (f) If a preexisting obligation requires the development authority to pay an amount that
14.16 is limited to the increment from the district or a specific development within the district and
14.17 if the obligation requires paying a higher amount to the extent that increments are available,
14.18 the municipality may determine that the amount due under the preexisting obligation equals
14.19 the higher amount and may authorize the transfer of increments under this subdivision to
14.20 pay up to the higher amount. The existence of a guarantee of obligations by the individual
14.21 or entity that would receive the payment under this paragraph is disregarded in the
14.22 determination of eligibility to pool under this subdivision. The authority to transfer increments
14.23 under this paragraph may only be used to the extent that the payment of all other preexisting
14.24 obligations in the municipality due during the calendar year have been satisfied.

14.25 (g) For transfers of increments made in calendar year 2005 and later, the reduction in
14.26 increments as a result of the elimination of the general education tax levy for purposes of
14.27 paragraph (b), clause (2), for a taxes payable year equals the general education tax rate for
14.28 the school district under Minnesota Statutes 2000, section 273.1382, subdivision 1, for taxes
14.29 payable in 2001, multiplied by the captured tax capacity of the district for the current taxes
14.30 payable year.

14.31 **EFFECTIVE DATE.** This section is effective the day following final enactment and
14.32 applies only to districts for which the request for certification was made before August 1,
14.33 2001, and without regard to whether the request for certification was made prior to August
14.34 1, 1979.

15.1 Sec. 10. Minnesota Statutes 2020, section 469.1771, subdivision 2, is amended to read:

15.2 Subd. 2. **Collection of increment.** If an authority includes or retains a parcel of property
 15.3 in a tax increment financing district that does not qualify for inclusion or retention within
 15.4 the district, the authority must pay to the county auditor an amount of money equal to the
 15.5 increment collected from the property for the year or years. The property must be eliminated
 15.6 from the original and captured tax capacity of the district effective for the current property
 15.7 tax assessment year. ~~This subdivision does not apply to a failure to decertify a district at~~
 15.8 ~~the end of the duration limit specified in the tax increment financing plan.~~

15.9 **EFFECTIVE DATE.** This section is effective the day following final enactment.

15.10 Sec. 11. Minnesota Statutes 2020, section 469.1771, subdivision 2a, is amended to read:

15.11 Subd. 2a. **Suspension of distribution of tax increment.** (a) If an authority fails to make
 15.12 a disclosure or to submit a report containing the information required by section 469.175,
 15.13 subdivisions 5 and 6, regarding a tax increment financing district within the time provided
 15.14 in section 469.175, subdivisions 5 and 6, the state auditor shall mail to the authority a written
 15.15 notice that it or the municipality has failed to make the required disclosure or to submit a
 15.16 required report with respect to a particular district. The state auditor shall mail the notice
 15.17 on or before the third Tuesday of August of the year in which the disclosure or report was
 15.18 required to be made or submitted. The notice must describe the consequences of failing to
 15.19 disclose or submit a report as provided in paragraph (b). If the state auditor has not received
 15.20 a copy of a disclosure or a report described in this paragraph on or before the first day of
 15.21 October of the year in which the disclosure or report was required to be made or submitted,
 15.22 the state auditor shall mail a written notice to the county auditor to hold the distribution of
 15.23 tax increment from a particular district.

15.24 (b) Upon receiving written notice from the state auditor to hold the distribution of tax
 15.25 increment, the county auditor shall hold: all tax increment that otherwise would be distributed
 15.26 after receipt of the notice, until further notified under paragraph (c).

15.27 ~~(1) 100 percent of the amount of tax increment that otherwise would be distributed, if~~
 15.28 ~~the distribution is made after the first day of October but during the year in which the~~
 15.29 ~~disclosure or report was required to be made or submitted; or~~

15.30 ~~(2) 100 percent of the amount of tax increment that otherwise would be distributed, if~~
 15.31 ~~the distribution is made after December 31 of the year in which the disclosure or report was~~
 15.32 ~~required to be made or submitted.~~

16.1 (c) Upon receiving the copy of the disclosure and all of the reports described in paragraph
 16.2 (a) with respect to a district regarding which the state auditor has mailed to the county
 16.3 auditor a written notice to hold distribution of tax increment, the state auditor shall mail to
 16.4 the county auditor a written notice lifting the hold and authorizing the county auditor to
 16.5 distribute to the authority or municipality any tax increment that the county auditor had held
 16.6 pursuant to paragraph (b). The state auditor shall mail the written notice required by this
 16.7 paragraph within five working days after receiving the last outstanding item. The county
 16.8 auditor shall distribute the tax increment to the authority or municipality within 15 working
 16.9 days after receiving the written notice required by this paragraph.

16.10 (d) Notwithstanding any law to the contrary, any interest that accrues on tax increment
 16.11 while it is being held by the county auditor pursuant to paragraph (b) is not tax increment
 16.12 and may be retained by the county.

16.13 (e) For purposes of sections 469.176, subdivisions 1a to 1g, and 469.177, subdivision
 16.14 11, tax increment being held by the county auditor pursuant to paragraph (b) is considered
 16.15 distributed to or received by the authority or municipality as of the time that it would have
 16.16 been distributed or received but for paragraph (b).

16.17 **EFFECTIVE DATE.** This section is effective the day following final enactment.

16.18 Sec. 12. Minnesota Statutes 2020, section 469.1771, subdivision 3, is amended to read:

16.19 Subd. 3. **Expenditure of increment.** If an authority expends revenues derived from tax
 16.20 increments, including the proceeds of tax increment bonds, (1) for a purpose that is not a
 16.21 permitted project under ~~section 469.176~~ sections 469.174 to 469.1794, (2) for a purpose
 16.22 that is not permitted under ~~section 469.176~~ sections 469.174 to 469.1794 for the district
 16.23 from which the increment was received, or (3) on activities outside of the geographic area
 16.24 in which the revenues may be expended under this chapter, the authority must pay to the
 16.25 county auditor an amount equal to the expenditures made in violation of the law.

16.26 **EFFECTIVE DATE.** This section is effective the day following final enactment.

16.27 Sec. 13. Laws 2003, chapter 127, article 10, section 31, subdivision 1, as amended by
 16.28 Laws 2008, chapter 366, article 5, section 21, and Laws 2019, First Special Session chapter
 16.29 6, article 7, section 1, is amended to read:

16.30 Subdivision 1. **District extension.** (a) The governing body of the city of Hopkins may
 16.31 elect to extend the duration of its redevelopment tax increment financing district 2-11 by
 16.32 up to four additional years.

17.1 (b) Notwithstanding Minnesota Statutes, section 469.1763, subdivision 2, effective upon
17.2 approval of this subdivision, no increments may be spent on activities located outside of
17.3 the area of the district, other than:

17.4 (1) to pay administrative expenses, not to exceed ten percent of the total tax increments
17.5 from the district; or

17.6 (2) to pay the costs of housing or redevelopment activities that are consistent with
17.7 Minnesota Statutes, section 469.176, subdivision 4j, provided that expenditures under this
17.8 clause may not exceed ~~20~~ 25 percent of the total tax increments from the district.

17.9 The total amount of increment that may be spent on activities located outside the area of
17.10 the district under this section shall be limited to ~~25~~ 28 percent.

17.11 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
17.12 city of Hopkins and its chief clerical officer comply with Minnesota Statutes, section 645.021,
17.13 subdivisions 2 and 3.

17.14 Sec. 14. Laws 2014, chapter 308, article 6, section 12, subdivision 2, is amended to read:

17.15 Subd. 2. **Special rules.** (a) If the city elects, upon the adoption of the tax increment
17.16 financing plan for a district, the rules under this section apply to a redevelopment district,
17.17 renewal and renovation district, soil condition district, or soil deficiency district established
17.18 by the city or a development authority of the city in the project area.

17.19 (b) Prior to or upon the adoption of the first tax increment plan subject to the special
17.20 rules under this subdivision, the city must find by resolution that parcels consisting of at
17.21 least 80 percent of the acreage of the project area, excluding street and railroad rights-of-way,
17.22 are characterized by one or more of the following conditions:

17.23 (1) peat or other soils with geotechnical deficiencies that impair development of
17.24 commercial buildings or infrastructure;

17.25 (2) soils or terrain that require substantial filling in order to permit the development of
17.26 commercial buildings or infrastructure;

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

17.28 (4) quarries or similar resource extraction sites;

17.29 (5) floodway; and

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

18.1 (c) For the purposes of paragraph (b), clauses (1) to (5), a parcel is characterized by the
18.2 relevant condition if at least 70 percent of the area of the parcel contains the relevant
18.3 condition. For the purposes of paragraph (b), clause (6), a parcel is characterized by
18.4 substandard buildings if substandard buildings occupy at least 30 percent of the area of the
18.5 parcel.

18.6 (d) The five-year rule under Minnesota Statutes, section 469.1763, subdivision 3, is
18.7 extended to ~~eight~~ 11 years for any district; the five-year period under Minnesota Statutes,
18.8 section 469.175, subdivision 4, paragraph (f), is extended to eight years for any district; and
18.9 Minnesota Statutes, section 469.1763, subdivision 4, does not apply to any district.

18.10 (e) Notwithstanding any provision to the contrary in Minnesota Statutes, section 469.1763,
18.11 subdivision 2, paragraph (a), not more than 40 percent of the total revenue derived from tax
18.12 increments paid by properties in any district, measured over the life of the district, may be
18.13 expended on activities outside the district but within the project area.

18.14 (f) For a soil deficiency district:

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

18.17 (2) increments may be used only to:

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

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

18.21 (iii) pay for the administrative expenses of the authority allocable to the district; and

18.22 (3) any parcel acquired with increments from the district must be sold at no less than
18.23 their fair market value.

18.24 (g) Increments spent for any infrastructure costs, whether inside a district or outside a
18.25 district but within the project area, are deemed to satisfy the requirements of Minnesota
18.26 Statutes, section 469.176, subdivision 4j.

18.27 (h) The authority to approve tax increment financing plans to establish tax increment
18.28 financing districts under this section expires June 30, 2020.

18.29 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
18.30 city of Savage and its chief clerical officer comply with Minnesota Statutes, section 645.021,
18.31 subdivisions 2 and 3.

19.1 **Sec. 15. CITY OF FRIDLEY; TAX INCREMENT FINANCING DISTRICT;**
19.2 **SPECIAL RULES.**

19.3 Subdivision 1. **Transfer of increment.** Notwithstanding Minnesota Statutes, section
19.4 469.176, subdivision 4j, the city of Fridley, or its economic development authority, may
19.5 transfer tax increment accumulated from Fridley Tax Increment Financing District No. 20
19.6 to the Fridley Housing and Redevelopment Authority for the purposes authorized in
19.7 subdivision 2. Only increment allowed to be expended outside of the district pursuant to
19.8 Minnesota Statutes, section 469.1763, subdivision 2, may be transferred under this section.

19.9 Subd. 2. **Allowable use.** Tax increment transferred under subdivision 1 must be used
19.10 only to:

19.11 (1) make grants, loans, and loan guarantees for the development, rehabilitation, or
19.12 financing of housing; or

19.13 (2) match other funds from federal, state, or private resources for housing projects.

19.14 Subd. 3. **Annual financial reporting.** Tax increment transferred under this section is
19.15 subject to the annual reporting requirements under Minnesota Statutes, section 469.175,
19.16 subdivision 6.

19.17 Subd. 4. **Legislative reports.** By February 1, 2024, and February 1, 2026, the city of
19.18 Fridley must issue a report to the chairs and ranking minority members of the legislative
19.19 committees with jurisdiction over taxes and property taxes. Each report must include detailed
19.20 information relating to each program financed with increment transferred under this section.

19.21 Subd. 5. **Expiration.** The authority to make transfers under subdivision 1 expires
19.22 December 31, 2026.

19.23 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
19.24 city of Fridley and its chief clerical officer comply with the requirements of Minnesota
19.25 Statutes, section 645.021, subdivisions 2 and 3.

19.26 **Sec. 16. CITY OF PLYMOUTH; TIF AUTHORITY.**

19.27 Subdivision 1. **Establishment.** Under the special rules established in subdivision 2 of
19.28 this section, the city of Plymouth may establish a redevelopment district located wholly
19.29 within the city of Plymouth, Hennepin County, Minnesota, limited to the following parcels,
19.30 identified by tax identification numbers, together with adjacent roads and rights-of-way:
19.31 34-119-22-44-0002, 03-118-22-12-0002, 03-118-22-11-0007, 02-118-22-22-0005, and
19.32 03-118-22-14-0032.

20.1 Subd. 2. **Special rules.** If the city establishes a tax increment financing district under
20.2 this section, the following special rules apply:

20.3 (1) the district meets all the requirements of Minnesota Statutes, section 469.174,
20.4 subdivision 10;

20.5 (2) Minnesota Statutes, section 469.176, subdivision 4j, does not apply to the district;
20.6 and

20.7 (3) not more than 75 percent of increments generated from the district may be expended
20.8 on improvements to Hennepin County Road 47 outside the project area, and all such
20.9 expenditures are deemed expended on activities within the district for the purposes of
20.10 Minnesota Statutes, section 469.1763.

20.11 Subd. 3. **Expiration.** The authority to approve a tax increment financing plan to establish
20.12 a tax increment financing district under this section expires December 31, 2029.

20.13 **EFFECTIVE DATE.** This section is effective the day after the governing body of the
20.14 city of Plymouth and its chief clerical officer comply with the requirements of Minnesota
20.15 Statutes, section 645.021, subdivisions 2 and 3.

20.16 Sec. 17. **CITY OF SHAKOPEE; TAX INCREMENT FINANCING DISTRICT.**

20.17 Subdivision 1. **Definitions.** (a) For purposes of this section, the following terms have
20.18 the meanings given.

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

20.20 (c) "Project area" means the following parcels, identified by parcel identification number:
20.21 279160102, 279160110, 279170020, and 279160120.

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

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

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

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

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

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

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

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

21.16 (4) quarries or similar resource extraction sites;

21.17 (5) floodways; and

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

21.20 (c) For the purposes of paragraph (b), clauses (1) to (5), a parcel is characterized by the
21.21 relevant condition if at least 60 percent of the area of the parcel contains the relevant
21.22 condition. For the purposes of paragraph (b), clause (6), a parcel is characterized by
21.23 substandard buildings if substandard buildings occupy at least 30 percent of the area of the
21.24 parcel.

21.25 (d) The five-year rule under Minnesota Statutes, section 469.1763, subdivision 3, is
21.26 extended to ten years for any district, and the period under Minnesota Statutes, section
21.27 469.1763, subdivision 4, is extended to 11 years.

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

21.32 (f) For a soil deficiency district:

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

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

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

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

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

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

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

22.13 Sec. 18. **CITY OF WOODBURY; TIF DISTRICT NO. 13; EXPENDITURES**
 22.14 **ALLOWED; DURATION EXTENSION.**

22.15 (a) Notwithstanding Minnesota Statutes, section 469.1763, subdivision 2, or any other
 22.16 law to the contrary, the city of Woodbury may expend increments generated from Tax
 22.17 Increment Financing District No. 13 for the maintenance and facility and infrastructure
 22.18 upgrades to Central Park. All such expenditures are deemed expended on activities within
 22.19 the district.

22.20 (b) Notwithstanding Minnesota Statutes, section 469.176, subdivision 1b, the city of
 22.21 Woodbury may elect to extend the duration of Tax Increment Financing District No. 13 by
 22.22 five years.

22.23 **EFFECTIVE DATE.** Paragraph (a) is effective the day after the governing body of the
 22.24 city of Woodbury and its chief clerical officer comply with the requirements of Minnesota
 22.25 Statutes, section 645.021, subdivisions 2 and 3. Paragraph (b) is effective upon compliance
 22.26 by the city of Woodbury, Washington County, and Independent School District No. 833
 22.27 with the requirements of Minnesota Statutes, sections 469.1782, subdivision 2, and 645.021,
 22.28 subdivisions 2 and 3.