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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETY-THIRD SESSION

H. F. No. 335

01/11/2023 Authored by Hanson, J., 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; amending special rules for city of
1.3 Savage tax increment financing district; amending Laws 2014, chapter 308, article
1.4 6, section 12, subdivision 2.

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

1.6 Section 1. Laws 2014, chapter 308, article 6, section 12, subdivision 2, is amended to
1.7 read:

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

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

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

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

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

1.21 (4) quarries or similar resource extraction sites;

1.22 (5) floodway; and

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

2.3 (c) For the purposes of paragraph (b), clauses (1) to (5), a parcel is characterized by the
2.4 relevant condition if at least 70 percent of the area of the parcel contains the relevant
2.5 condition. For the purposes of paragraph (b), clause (6), a parcel is characterized by
2.6 substandard buildings if substandard buildings occupy at least 30 percent of the area of the
2.7 parcel.

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

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

2.16 (f) For a soil deficiency district:

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

2.19 (2) increments may be used only to:

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

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

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

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

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

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

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