

**PROPERTY TAX
Transferred Increment for
Housing Trust Fund Allowed**

March 31, 2025

Department of Revenue

Analysis of H.F. 1159 (Youakim) as proposed to be amended by H1159A1

	Yes	No
DOR Administrative Costs/Savings		X

Fund Impact

	<u>F.Y. 2026</u>	<u>F.Y. 2027</u>	<u>F.Y. 2028</u>	<u>F.Y. 2029</u>
	(000's)			
General Fund	\$0	\$0	\$0	\$0

Effective the day following final enactment.

EXPLANATION OF THE BILL

Under current law, increment from a tax increment financing (TIF) district may only be used for certain expenditures outside the TIF district. Additionally, rental housing in a housing TIF district is subject to certain income requirements.

The proposal expands the uses of increment allowed outside the district to include transferring increment to a housing trust fund. Funds distributed from increment transferred to a housing trust fund must benefit households meeting certain income requirements and follow the city's ordinance or policy on the distribution of funds between rental and homeowner households. The proposal would also modify the income requirements for rental housing in a housing TIF district.

REVENUE ANALYSIS DETAIL

- The proposed changes to the general TIF provisions would have no impact on the state general fund.

Source: Minnesota Department of Revenue
Property Tax Division – Research Unit
<https://www.revenue.state.mn.us/revenue-analyses>

hf1159(sf2041) TIF Housing Trust Funds_pt_1/wms