

**PROPERTY TAX
Special Rules Authorization
for St. Paul TIF**

March 31, 2025

Department of Revenue

Analysis of S.F. 2820 (Pappas) / H.F. 2585 (Hollins) as introduced

	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 following local approval.

EXPLANATION OF THE BILL

The proposal would allow the housing and redevelopment authority of the city of St. Paul to establish no more than three redevelopment tax increment financing (TIF) districts within a defined area. Any districts established under this authority would have special rules that apply, such as:

- Excluding it from requirements for establishing a redevelopment district if certain conditions are met,
- Parcels in the district may be noncontiguous,
- Increment may be used to clear buildings for open space or commons area used as a public park,
- Rules on expenditures outside the district and the five-year rule do not apply to expenditure for, or payment of bonds issued to finance, activities in the defined area,
- The city does not need to comply with certain information usually required prior to creating a district,
- The four-year knock-down rules do not apply,
- Rules on the use of revenues for decertification do not apply, and
- The original net tax capacity would be the value of the land.

The authority to establish TIF districts under this authority expires June 30, 2030, unless the city has requested the certification of at least one district by that date. In that case, the authority expires June 30, 2034.

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.

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

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