

PROPERTY TAX

Authorizing the city of Minnetonka to use tax increment for certain housing projects

February 23, 2021

	Yes	No
DOR Administrative Cost/Savings		x

Department of Revenue
Analysis of H.F. 1322 (Acomb) as introduced

	Fund Impact			
	FY2022	FY2023	FY2024	FY2025
	(000's)			
General Fund	\$0	\$0	\$0	\$0

Effective following local approval.

EXPLANATION OF THE BILL

Under current law, pooling rules require that 75 percent tax increments must be spent on activities within each redevelopment tax increment financing (TIF) district. Redevelopment districts may spend up to 25 percent of increments on permitted activities outside the district but within a defined project area.

The proposal would allow the city of Minnetonka or its economic development authority to transfer up to 15 percent of tax increment from districts within the city to the city's affordable housing trust fund.

REVENUE ANALYSIS DETAIL

- The proposed exceptions to special TIF provisions would have no impact the local tax base or tax rates.
- The proposal would have no impact on the state general fund.

Source: Minnesota Department of Revenue
Property Tax Division - Research Unit
www.revenue.state.mn.us/research_stats/pages/revenue-analyses.aspx

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