

**PROPERTY TAX**  
**Mountain Lake; tax increment**  
**financing five-year rule extended to ten**  
**years**

March 09, 2021

	<b>Yes</b>	<b>No</b>
DOR Administrative Cost/Savings		x

Department of Revenue

Analysis of H.F. 1508 (Hamilton) / S.F. 1411 (Weber) as introduced

	<b>Fund Impact</b>			
	<b>FY2022</b>	<b>FY2023</b>	<b>FY2024</b>	<b>FY2025</b>
	(000's)			
General Fund	\$0	\$0	\$0	\$0

Effective following local approval.

**EXPLANATION OF THE BILL**

The five-year rule essentially requires development activity for a tax increment financing (TIF) district to be finished within a five-year period that begins with certification of the district's original tax capacity. After this five-year period has expired, increments may only be spent to pay off obligations that were incurred to fund work done during the five-year period or to the extent permitted under the pooling rules. When these obligations are paid or enough money has been collected to pay them, the district must be decertified.

The proposal extends the deadline of the five-year rule from five years to ten years for TIF District No. 1-8 in Mountain Lake.

**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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