

This Document can be made available in alternative formats upon request

State of Minnesota

HOUSE OF REPRESENTATIVES

NINETY-FOURTH SESSION

H. F. No. 2006

03/06/2025 Authored by Joy, Davids, Elkins, Norris and Huot 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; clarifying use of unobligated
1.3 increment; extending expiration; amending Minnesota Statutes 2024, section
1.4 469.176, subdivision 4n.

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

1.6 Section 1. Minnesota Statutes 2024, section 469.176, subdivision 4n, is amended to read:

1.7 Subd. 4n. Temporary use of increment authorized. (a) Notwithstanding any other
1.8 provision of this section or any other law to the contrary, except the requirements to pay
1.9 bonds to which increments are pledged, the authority may elect, by resolution, to transfer
1.10 unobligated increment for one or more of the following purposes:

1.11 (1) to provide improvements, loans, interest rate subsidies, or assistance in any form to
1.12 private development consisting of the construction or substantial rehabilitation of buildings
1.13 and ancillary facilities, if doing so will create or retain jobs in the state, including construction
1.14 jobs, and the construction commences before December 31, 2025, and would not have
1.15 commenced before that date without the assistance; or

1.16 (2) to make an equity or similar investment in a corporation, partnership, or limited
1.17 liability company that the authority determines is necessary to make construction of a
1.18 development that meets the requirement of clause (1) financially feasible.

1.19 (b) For each calendar year for which transfers are permitted under this subdivision, the
1.20 maximum transfer equals the excess of the district's unobligated increment which includes
1.21 any increment not required for payments of obligations due during six months following
1.22 the transfer on outstanding bonds, binding contracts, and other outstanding financial
1.23 obligations of the district to which the district's increment is pledged.

2.1 (c) The authority may transfer increments permitted under this subdivision after creating
2.2 a written spending plan that authorizes the authority to take the action described in paragraph
2.3 (a) and details the use of transferred increment, including the use of interest earned on
2.4 transferred increment. Additionally, the municipality must approve the authority's spending
2.5 plan after holding a public hearing. The municipality must publish notice of the hearing in
2.6 a newspaper of general circulation in the municipality and on the municipality's public
2.7 website at least ten days, but not more than 30 days, prior to the date of the hearing. Prior
2.8 to December 31, 2025, the municipality may amend a written spending plan to extend the
2.9 date by which transferred increment may be used, and to authorize use of interest earned
2.10 on transferred increment, after holding a public hearing as required in this section. A signed
2.11 and approved copy of the amended plan must be filed with the state auditor. Interest earned
2.12 on transferred increment may be treated the same as transferred increment regardless of
2.13 whether a municipality amends a spending plan.

2.14 (d) Increment that is improperly retained, received, spent, or transferred is not eligible
2.15 for transfer under this subdivision.

2.16 (e) An authority making a transfer under this subdivision must provide to the Office of
2.17 the State Auditor a copy of the spending plan approved and signed by the municipality.

2.18 (f) The authority to transfer increments under this subdivision expires on December 31,
2.19 2022. All transferred increments must be spent, loaned, invested, or otherwise irrevocably
2.20 committed by December 31, ~~2025~~ 2027. Increment not spent, loaned, invested, or otherwise
2.21 irrevocably committed by December 31, ~~2025~~ 2027, must be returned to the district. If the
2.22 district has already been decertified, the increment shall be treated as excess increment and
2.23 distributed as provided in subdivision 2, paragraph (c), clause (4).

2.24 **EFFECTIVE DATE.** This section is effective the day following final enactment.