

Subject School District Excess Tax Increment Finance Payments; Obsolete
Reference Clarified

Authors Kresha

Analyst Tim Strom

Date February 26, 2025

Summary

Tax Increment Financing (TIF) is a local development tool that captures increases in local property taxes caused by development. TIF can be used by a variety of local government units but is most commonly used by cities and by development authorities created by a city or a county. Approximately two percent of the statewide school district net tax capacity is currently captured in TIF districts. In some relatively infrequent instances, a school district receives an excess payment from the TIF district and current statutes require the excess to be apportioned between the district's aid and the district's levy.

This bill has no substantive effect as it only replaces an obsolete reference to the health and safety aid and levy program (formerly under Minn. Stat. § 123B.57) with the correct reference to the successor program, the long-term facilities maintenance (LTFM) aid and levy program, under Minn. Stat. § 123B.595.